



# SELF-EVALUATION

## QUALITY ASSURANCE REVIEW FINANCE DIVISION

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# SUPPORTING DOCUMENTS

# SD 1

QAR Policy and Procedures  
for Support Environments



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## Quality Assurance at Stellenbosch University Policy and Procedures: Support Units Evaluation (2011-2016)

### Summary

Support units at Stellenbosch University (SU) are evaluated once during the 2011-2016 cycle on the basis of the evaluation system set out in this document.

In addition to, and integrated with the normal activities within support environments, the University implements a formal evaluation system for support environments, as of 2004.

The purpose of the SU evaluation system is to ensure development and accountability, and thus quality. The system comprises three building blocks, namely departmental self-evaluation, external peer review, and a follow-up report.

If possible and meaningful, the evaluation of support units take place based on an approach and model that is used by as many support units as possible. The approach and model should include the following:

- a. It must ensure that the support unit aligns its priorities and goals with the goals and strategic priorities of the University, as well as the national goals for higher education.
- b. It must make provision for a balance between general university standards to which all support units must adhere, and the environment-specific standards. The flexible implementation of this principle therefore allows support units to make use of quality assurance models that are specific to their environments or models with a specific relevance and marketing value for that environment.
- c. Support units that have develop evaluation criteria in the previous quality assurance cycle (2004 – 2009) are encouraged to use the same criteria or revise it if needed.
- d. Where a support service environment has not been evaluated in the former QA-cycle and no criteria have been developed, they are advised to consider the Baldrige-model (see attachment A) and adapt it to their unique environment.

The procedure for self-evaluation and peer review is set out in this document, as well as the composition of the evaluation panels and the differences between the evaluation process and the evaluation report. The roles of the Dean, the QC and the EC(S) are also explained.



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## **1. INTRODUCTION**

The policy and procedure for the evaluation of support units during the 2011-2016 cycle are set out in this document.

Support units of the University will be evaluated on the basis of this system once during this cycle.

## **2. THE NATURE, PURPOSE AND SCOPE OF THE SYSTEM**

### **2.1 Instrument for improvement**

Stellenbosch University's system for the evaluation of support units is an *instrument for improvement*. The system is designed in so that it requires a support unit to think critically about its self-concept and activities, and to then articulate the results of this reflection.

### **2.2 Accountability**

The system is also aimed at ensuring that support units can account for the quality of all their activities.

### **2.3 Evaluation of quality and systems for quality assurance**

Unlike pure process- and system-orientated evaluations, the SU system for the evaluation of support units includes the evaluation of the quality of the academic content of activities of the unit as well as the effectiveness and efficiency of the unit's systems for quality assurance.

### **2.4 Continuity**

The system makes provision for the specific needs and circumstances of the support units at SU. It is designed to ensure optimal continuity with the system of external evaluation of support units that has been used at the University since 2004.

### **2.5 'Quality' – institutional, national and departmental views**

This system was developed as part of a quality assurance process, based on an understanding of "quality" as "excellence". However, viewed in isolation, "excellence" is an empty construct. It only acquires meaning when it is brought into relationship with the specific issues in which excellence is being pursued. In the University's *Strategic Framework 1999* and the SU Management's *Vision 2012*, excellence is connected to scientific practice, participation and role playing in South Africa and Africa, and to achievements in the establishment of a diverse university community.

The national quality assurance system is based on four ways of interpreting quality (cf. the HEQC Draft Audit Framework, 2003). All four these dimensions of quality are brought into the equation in an applied manner in SU's system of support unit evaluation:

1. Are the unit's objectives suitable, measured in terms of the vision and objectives of the faculty and the University?
2. Does the unit meet its objectives?
3. How does the unit deal with the tension that arises between cost-effectiveness and quality?
4. Does the unit's composition and functioning meet the faculty and the University's renewal objectives?

During the evaluation process, the unit develops and formulates *its own view of quality* that is *applicable to the unique nature of the unit*, against the background of the institutional and national views on quality. Support units are encouraged to think critically about this, since the unit's own view of quality can only be defined if they have thought in depth about their self-concept and formulated it.

## **2.6 Self-evaluation**

The basis of the evaluation process as a whole is *self-evaluation* by the unit, which precedes the visit of the external peer review panel. This is the first building block in the process.

## **2.7 External peer review**

External peer review forms the second building block of the evaluation process of the support units.

## **2.8 Follow-up**

Those issues in need of attention that are identified during the self-evaluation process, verified by the external review, and that have been accepted by the EC(S), are followed-up and the support unit has to submit a follow-up report after two years. This is the third building block of the process.

## **2.9 Facets of support unit activities that are evaluated**

The University's quality assurance system stipulates that the following facets of support unit activities have to be evaluated:

- a. Support units that have developed evaluation criteria in the previous quality assurance cycle (2004 – 2009) are encouraged to use the same criteria or revise it if needed.
- b. Where a support service environment has not been evaluated in the former QA-cycle and no criteria have been developed, they are advised to consider the Baldrige-model (see attachment A) and adapt it to their unique environment.
- c. Criteria of professional bodies.

## **2.10 Evaluation cycle**

Support units are evaluated once every six years.

### **3. SELF-EVALUATION**

#### **3.1 Evaluation criteria**

The evaluation criteria which the unit has drawn up are approved by the Quality Committee and are used during the self-evaluation and the external evaluation process.

#### **3.2 Benchmarking**

Benchmarking is the process whereby performance is measured against other internal and external reference points. It is expected from support units to continuously compare their levels of quality to those of other support units and/or similar support units at other institutions. These comparisons can also be used by support units to substantiate statements made in their self-evaluation report.

#### **3.3 Evidence-based evaluation**

Support units are expected to substantiate their evaluation with evidence. An example hereof is a client satisfaction survey that can be used to gather information and that can be utilised as evidence.

#### **3.4 Self-evaluation as point of departure and basis**

Self-evaluation is the point of departure and basis for the entire evaluation process.

The self-evaluation report must be submitted to the Head of the Responsibility Centre (RC-head) at least two months before the visit of the external review panel.

The evaluation process will only continue after the RC-head has approved the support unit's self-evaluation report. The self-evaluation report is then sent to the members of the external review panel by the RC-head a month in advance of the site visit.

#### **3.5 The distinction between the self-evaluation process and the self-evaluation report**

Self-evaluation is seen as a *process*. The results of this process are presented in the self-evaluation report. The reporting is therefore preceded by the process. The focus falls foremost on the process, because it is through the process that development and improvement takes place.

The target audience of the self-evaluation report is, firstly, the support unit itself. The self-evaluation report should be a 'living' document to which the unit can refer on a continuous basis in the planning and execution of all its activities.

## **3.6 Supportservice unit self-evaluation committee**

### ***3.6.1 Appointment and composition***

The head of the support unit appoints the self-evaluation committee at least six months before the visit of the external review panel. The self-evaluation committee is composed as follows:

- a. the head of the support unit,
- b. representatives from the support service staff, appointed by the head in consultation with a full staff meeting, on condition that staff at different levels of seniority are represented on the self-evaluation committee. In the case of smaller support units, it is preferred that all the support service staff members serve in the self-evaluation committee;
- c. one or more representatives of the interest groups/clients of the unit,
- d. one or more representatives from the academic environment,
- e. one or more representatives from the student environment.

The head of the support unit may act as convenor of the committee, or he/she may appoint a senior member of staff for this purpose.

### ***3.6.2 Status and role of the self-evaluation committee***

- a. The support unit's self-evaluation committee gathers all the relevant information,
- b. The committee evaluates the quality of the unit's activities on the basis of the criteria,
- c. The committee compiles the self-evaluation report and reports it to the head of the unit,
- d. The head of the unit is ultimately responsible for the approval of the self-evaluation report and its submission to the RC-head.

### ***3.6.3 Support for the support unit's self-evaluation committee***

Once the self-evaluation committee has been appointed (i.e. at least six months before the visit of the external review panel), the committee may request the Division for Institutional Research and Planning to conduct a preparatory discussion aimed at their specific needs. In addition, the staff members of the Division for Institutional Research and Planning are available to provide the committee with support and advice on a continuous basis.

## **4. EXTERNAL PEER REVIEW**

### **4.1 Composition of the panel**

- a. The RC-head compiles a panel of leading experts in consultation with the unit concerned. The RC-head usually requests the unit to compile a list of names from which possible members of the panel can be selected. The RC-head obtains all the necessary information to ensure that the panel is

composed of disciplinary experts. The RC-head also ensures that the members of the panel do not have conflicting interests and that the same people are not repeatedly used to make up the panel.

- b. The panel must be appointed by the RC-head at least six months before the visit. The RC-head formally invites the panel members.
- c. A letter of appointment is prepared by the Division for Institutional Research and Planning and sent to evaluators via the RC-head's office. A carbon copy (cc) of the letter of appointment is sent to the Assistant Director: Quality Assurance.
- d. A copy of this policy and procedure is sent to each panel member with the formal letter of appointment, as well as the *Quality Assurance at Stellenbosch University: Points of departure and framework (2011-2016 cycle)*.
- e. A maximum of one panel member may have served in the previous external review panel during the last evaluation.
- f. The external panel consists of at least two members.
- g. The RC-head appoints one of the members of the panel as convenor (chair) of the panel.
- h. The panel pays a two-day visit to the unit (units may make use of more days, in consultation with the RC-head) and carry out the full scope of the evaluation as specified in this policy and procedure.

#### **4.2 Responsibilities of the Convenor (chair) of the External Panel**

The convenor is responsible for ensuring the following:

- a. That the panel's activities comply with the principles and procedures and expected outcomes of the SU quality assurance system (as explained in this document),
- b. Before the site visit:
  - i. If requested, the convenor may schedule an initial telephone conference at least two weeks before the site visit. A staff member from the Division for Institutional Research and Planning will provide the logistical support for the telephonic conferencing facilities. During this meeting, if convened by the convenor, the panel may finalise their site visit schedule, identify additional information required for the evaluation (not mentioned in the unit's self-evaluation report), negotiate the work distribution (e.g. for the preparation of questions on selected themes).
- c. During the site visit:
  - i. The convenor acts as chair during the panel discussions and interviews,
  - ii. Lead the process for identifying and formulating the panel's findings,
  - iii. Give an oral feedback to the unit at the end of the site visit,
  - iv. Set target dates for the writing and editing of the written report,
  - v. Decide on the work distribution for the panel members in terms of the writing and editing of the report.
- d. After the site visit:
  - i. The convenor accepts the responsibility for the finalisation and submission of the evaluation report to the RC-head within four weeks of the site visit.

#### **4.3 Scope of the panel's task**

The external panel is responsible for the following:

- a. Before the review visit:
  - i. Thoroughly study the unit's self-evaluation report,
  - ii. Thoroughly study the unit's previous external review report, as well as the follow-up report handed in by the unit,
  - iii. Prepare questions and points for discussion for use during the visit,
  - iv. Identify issues to which the unit should pay attention,
  - v. Compile the schedule for the site visit in a cooperative manner with the unit,
  - vi. Take part in a preparatory panel meeting at least one week before the site visit.
- b. During the visit:
  - i. Take part in the discussions with the various people and interest groups that have been identified for this purpose in terms of the University's procedure and programme,
  - ii. Gather additional information (if the information contained in the self-evaluation report is unclear or incomplete),
  - iii. Evaluate the validity of the unit's own performance evaluation (i.e. that of the self-evaluation),
  - iv. The panel communicates its preliminary findings to the head of the unit at the end of the site visit,
  - v. The panel drafts a preliminary report on their findings and give an oral feedback to the unit at the end of their visit.
- c. After the visit:
  - i. The convenor compiles a concept report,
  - ii. The convenor provides copies of the concept report to the members of the panel,
  - iii. The panel members make comments and approve the final version of the edited report,
  - iv. The convenor submits the report to the RC-head within four weeks after the conclusion of the visit.

#### **4.4 Information for the panel**

- a. The members of the panel receive the self-evaluation report with the supporting documentation at least four weeks before their visit to the unit. The evidence portfolio which is sent to the evaluators with the self-evaluation report contains at least the following material:
  - i. the vision of the University,
  - ii. the unit's strategic plan,
  - iii. the external evaluation reports from the previous cycles,
  - iv. a list of documents that will be available during the visits.

#### **4.5 The visit by the external panel**

During the visit of the panel, the external review panel follows a programme of which at least the following will constitute elements:

- a. closed panel sessions during which the members of the panel:
  - i. compare their provisional evaluation results,

- ii. make a list of the issues about which they want to request additional information,
  - iii. make a preliminary list of matters for attention that they want to point out,
  - iv. study the material that was made available onsite,
  - v. review the evaluation process to be used by the panel for the verification of the selected evidence,
  - vi. check whether the issues that were identified during the previous evaluation of the unit as requiring attention were followed up on,
  - vii. identify specific points of discussion for the interviews with the head of the unit, staff and students.
- b. discussions with the RC-head and other managers;
  - c. interview(s) with the head of the unit, heads of specific sub-units within the unit, staff of the unit, student leaders and other stakeholders;
  - d. view the unit's facilities;
  - e. one or two closed panel meetings during which the following is done:
    - i. Finalise the evaluation of the unit's criteria and the ratification/validation of the unit's self-evaluation decisions,
    - ii. Identify and formulate the issues to which attention needs to be paid,
    - iii. Compile the concept report.
  - f. a meeting of the members of the panel with the unit in order to provide the unit with feedback.

The documents that should be made available to the panel during their visit to the unit should include at least the following:

- a. the unit's management structure and leadership,
- b. strategic planning,
- c. list of interest groups/clients/service providers,
- d. development information,
- e. staff processes,
- f. management process and systems, and
- g. quality of outcomes.

#### **4.6 Reporting by the panel**

Within four weeks after the visit, the panel sends the consolidated, written report in the prescribed format to the RC-head, who will ensure that a copy is loaded onto the University's quality assurance database and that it is placed on the agenda of the Quality Committee.

The report should contain at least the following:

- a) a 1-page executive summary,
- b) the panel's ratifying decisions on the unit's self-evaluation on the basis of the criteria,
- c) the issues for which the panel feels the unit deserves a compliment, with motivation,
- d) the issues that the panel has identified that require further attention, with motivation.

## **5. RC-HEAD'S EVALUATION OF THE EVALUATION REPORTS AND THE ADVICE OF THE QUALITY COMMITTEE**

- 5.1 After receipt of the final report by the external panel, the RC-head submits it to the head of the unit who responds to the report in writing and submits the response to the RC-head.
- 5.2 The RC-head submits the following documents to the QC:
  - a. the complete self-evaluation report,
  - b. the complete report of the external panel,
  - c. the unit's response to the report,
- 5.3 The RC-head together with the head of the unit attends the QC meeting at which the reports are tabled. At this meeting follow-up actions and issues for which the unit deserves praise are pointed out.
- 5.4 The QC is responsible for:
  - a. ensuring the integrity of the evaluation process by confirming that the evaluation was carried out according to the SU policy and procedure;
  - b. expressing an opinion from an institutional perspective regarding the quality and acceptability/validity of the four reports that are generated during the evaluation process (based on the reports that are submitted, the QC develops a set of standards according to which reports must be evaluated);
  - c. checking whether the issues for commendation as well as the issues that needs attention are clearly formulated and sufficiently motivated (based on relevant evidence);
  - d. institutional gauging/standardization;
  - e. making recommendations to the EC(S).
- 5.5 The following documents form part of the QC's report to the EC(S):
  - a. the report by the external panel;
  - b. the reaction of the unit to the report of the external panel;
  - c. the comments and recommendations of the RC-head, and
  - d. the summary and recommendations of the QC.
- 5.6 The complete reports are stored in the electronic document repository which is maintained by the Division for Institutional Research and Planning.

## **6. EVALUATION DECISION BY THE EXECUTIVE COMMITTEE OF SENATE, WITH THE IDENTIFICATION OF SPECIFIC FOLLOW-UP ACTIONS TO WHICH THE UNIT MUST PAY ATTENTION**

- 6.1 The EC(S) considers the QC's report and based on the advice from the QC takes a decision on whether the report by the external panel, , is to be accepted/not accepted for example:
  - a. handled by the EC(S) themselves,
  - b. report to Senate,
  - c. firstly are referred to other committees of Senate,
  - d. referred to the Rector's Management Team (RMT) by the EC(S) for institutional handling.
- 6.2 On conclusion of the meeting of the EC(S), the RC-head is responsible for feedback to the department (appreciation, criticism, encouragement, etc.).

6.3 The Division for Institutional Research and Planning keep a register of the decisions taken by the EC(S) on quality assurance and continuously submit new decisions to the QC for its attention and discussion.

## **7. IMPLEMENTATION OF THE FOLLOW-UP ACTIONS**

The RC-head, in cooperation with the head of the unit, is responsible for the implementation of the follow-up actions that are stipulated by the EC(S).

## **8. FOLLOW-UP EVALUATION AND REPORTING BY THE UNIT**

The RC-head, in cooperation with the head of the unit, submits a follow-up report (including the original QC report) to the QC within two years after the completion of the evaluation report by the EC(S). The RC-head's follow-up report, together with the recommendations by the QC, is then submitted to the EC (S).

## **9. FOLLOW-UP EVALUATION DECISION BY THE EXECUTIVE COMMITTEE OF SENATE**

The EC(S) considers the follow-up report and takes a decision on whether or not to accept it.

## **10. COVERING THE COSTS OF THE DEPARTMENTAL EVALUATION**

1. The RC-head budgets for the external evaluation of units and allocated funds to the units for this purpose.
2. The heads of the units manage the spending of funds and are responsible for budget control.
3. The Senior Director: Institutional Research and Planning plays a supportive and coordinating role with regard to the budget for quality assurance. The Division for Institutional Research and Planning also keep records of all expenditure that is related to the support service unit's evaluation processes.
4. The funds are used exclusively for the following items:
  - a) the honoraria payable to the members of the external panel;
  - b) the travelling expenses of the members of the external panel;
  - c) the subsistence costs of the members of the external panel;
  - d) the formal reception given for the panel by the University; and
  - e) copying and postage costs that are specifically related to the work of the external panel.
5. All activities by the unit's self-evaluation committee are paid for from the unit's funds. The units budget for this in the year before they are evaluated.
6. Tariffs (for 2011 to 2016):<sup>1</sup>
  - a) honorarium per local evaluator (for the task as a whole) is R2 633 for 2013, and which are yearly adapted with the general salary increase within the University. The honorarium for

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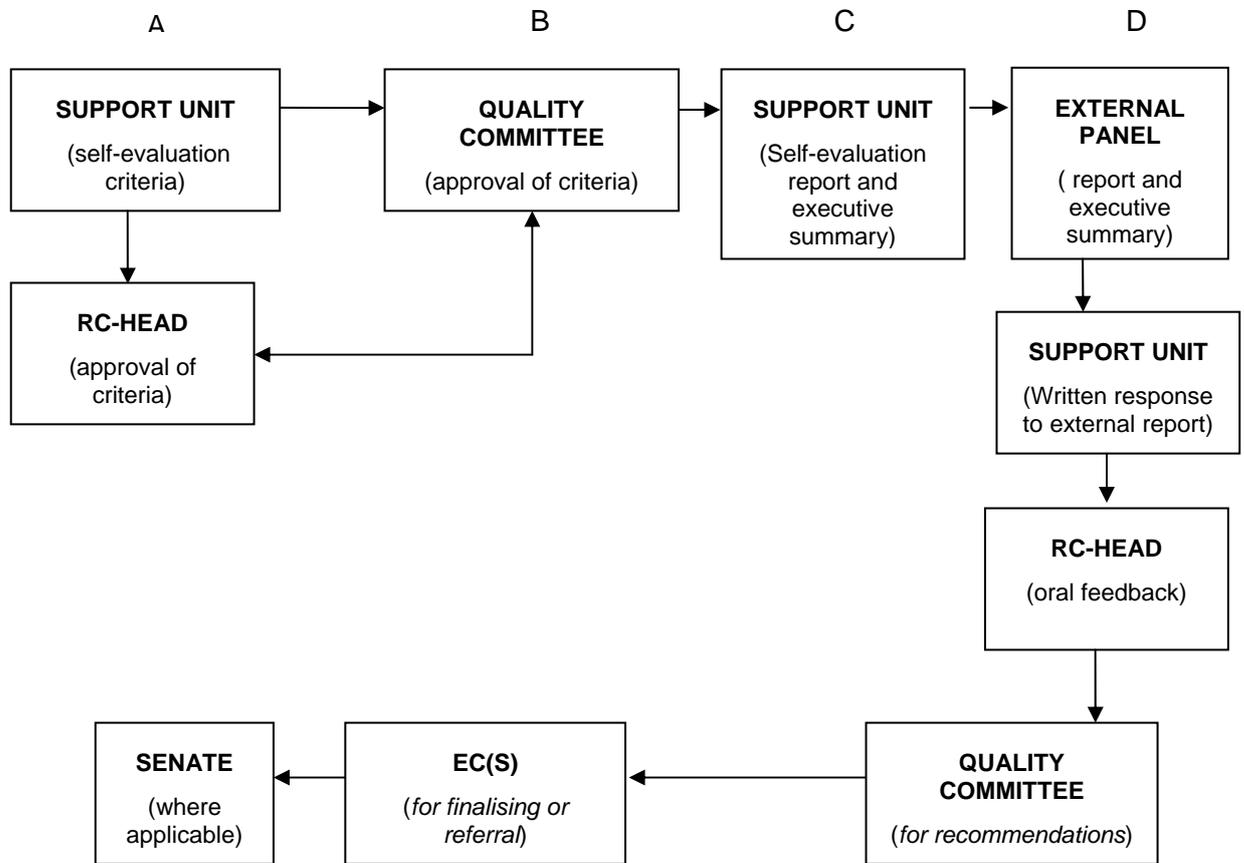
<sup>1</sup> These tariffs are reviewed yearly by the EC(S) based on advice from the QC.

international panel members is calculated as Rand amount x 2 (Rx \* 2 / the exchange rate)  
e.g. if the amount payable to South Africans is R1 820, the dollar amount given an exchange rate of \$1=R8 would be  $R1820 * 2 / R8 = \$455$  - and/or at the discretion of the RC-head;

- b) travelling expenses from outside the Western Cape: return air ticket (economy class);
- c) travelling expenses within the Western Cape: normal university tariff per km; and
- d) university reception (in accordance with the University's rules for receptions by members of the executive management).

# 11. FLOWCHART: REPORTING

## A. SUPPORT SERVICE UNIT EVALUATION



## B. FOLLOW-UP



## **SD 2**

Rules for Delegation of  
Power and Responsibilities



# **RULES FOR DELEGATION OF POWERS AND RESPONSIBILITIES**

[As approved by SU Council on 20 June 2011]

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**Addendum 2: Levels of safety and risk management at Stellenbosch University**

**Addendum 3: Framework of delegation levels**

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**Addendum 6: Further subdelegations (level 4–5)**

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# RULES FOR DELEGATION OF POWERS AND RESPONSIBILITIES

## 1. INTRODUCTION

The power and responsibility to manage Stellenbosch University (SU) is assigned by the Higher Education Act, Act 101 of 1997, as well as by the University's Statute, to the Rector as Chief Executive Officer. This power and responsibility entails the governance of a wide range of aspects, being the academic, administrative, financial and physical facilities, as well as the staff and students of SU.

Subject to a rule approved by the SU Council, the Rector uses a set of delegations to assist him in the execution of this extensive task and to determine an appropriate procedure.

In the use of such delegations, there should be compliance with the requirements and principles of the King III Report on Corporate Governance. Principle 2.17 of the report requires that Council compile a framework for delegation and, in particular, according to 2.17.3, that the level of materiality should be determined and a framework for the delegation of authority be approved.

In this document the following concepts have the indicated meaning, unless a different meaning is evident from the context:

**Liability:** Legally speaking, exposure to sanctions as a result of non-compliance with a responsibility

**Power:** The legally granted ability to perform a function

**Delegation:** An instruction to exercise an indicated power, carry out a duty, or in general to handle the powers and duties that are related to an indicated function or functions

**Committees and delegations:** The chairperson of a committee also serves as that committee's delegate

**Responsibility:** A duty to perform a function

**Proxy/Power of attorney:** The power to legally enter into a contract on behalf of the University. 'Authorisation' and 'signing power' have a similar meaning.

## **2. PRINCIPLES AND GUIDELINES FOR DELEGATION OF POWERS AND RESPONSIBILITIES**

These rules provide the foundation for the process of delegating power at SU. Delegation of power is a key element of effective control and good corporate governance, and is done in terms of a fixed framework and strong discipline.

- 2.1 In terms of Section 20(4) of the Higher Education Act, Act 101 of 1997 (hereafter referred to as 'the Act'), SU is a juristic person whose purpose it is to offer study programmes and related teaching activities and to undertake research (Sections 1, 28(1) and 32(2)(b) of the Act); to establish academic, physical and support service infrastructure and financial processes, and to run all the aforementioned activities in a sustainable manner.
- 2.2 The power and responsibility to control and manage these activities is assigned by the Act and the SU Statute to Council (see Sections 1 and 27(1) of the Act and paragraph 11(1) of the Statute) and the Rector as Chief Executive Officer of SU (see paragraph 4(4) of the Statute and Section 30 of the Act) respectively.
- 2.3 Since no single organ or office-bearer can manage all the activities of a complicated organisation, provision needs to be made for powers and obligations relating to governance to be allocated to various organs and functionaries of the organisation by means of delegation (paragraph 3, Council decision of 9 December 1999).
- 2.4 The aim of these rules is to organise the delegation of powers and responsibilities with a view to legal decision making, operational and administrative efficiency and good corporate governance, among others by way of the following:
  - 2.4.1 The establishment of a uniform and consistent, university-wide appropriate framework;
  - 2.4.2 The clarification of the interrelationships between institutions and office-bearers (including lines of responsibility and reporting);
  - 2.4.3 The passing on of decision making to the most effective management level;
  - 2.4.4 The promotion of informed and accountable decision making and reporting;

- 2.4.5 The accountable and clear granting of power of attorney to enter into contracts on behalf of the University;
  - 2.4.6 The limitation and management of risks; and
  - 2.4.7 The establishment of mechanisms and procedures for the management of the delegation of power.
- 2.5 With a view to the aforementioned, it is stated that the delegation of powers and responsibilities at SU:
- 2.5.1 shall take place in accordance with the principles below;
  - 2.5.2 shall be anchored in the hierarchy of the organogram of SU, as it is contained in **Addendum 1** to this document;
  - 2.5.3 shall be put into operation by means of the standard delegation documents in **Section 3** of this document, in accordance with the stipulations of the delegation framework that are contained in **Addendum 5** to this document; and
  - 2.5.4 shall be managed by means of the delegation register and list of proxies.
- 2.6 Delegation of power in terms of these rules is subject to the stipulations of the Higher Education Act, No 101 of 1997, as amended, and any other appropriate legislation, the University's Strategic Framework, the business plans of the University and the relevant environments of centres of responsibility , the approved budget, as well as the codes of ethics and conduct and other Council decisions.
- 2.7 Delegation at SU takes place in accordance with the general principles of Contract and Administrative Law, and with a view to the protection and proper use of University assets.
- 2.8 These rules and addenda generally apply with regard to delegation at SU as embodied in the delegation framework (**Addendum 5**). However, they do not prevent delegation in terms of particular policy, or ad hoc delegations or granting of proxy in specific cases.
- 2.9 Granting and exercising delegations and powers of attorney should take place in accordance with the following principles:
- 2.9.1 The delegation of a power or of a responsibility takes place when those with certain powers empower certain institutions or the holders of certain posts to carry out certain activities on behalf of the University, unless it is expressly stated that the delegation should be done without power of disposal.

- 2.9.2 An act of delegation does not deprive the delegator of the ability to exercise the particular powers or to carry out the specific responsibilities.
- 2.9.3 Only written and clearly defined acts of delegation by a qualified delegator shall be valid. The person to whom delegation has been done also has to accept the relevant delegation in writing.
- 2.9.4 Delegations to the holder of a post shall only be valid with regard to the sphere of responsibility of the functionary concerned, and as such are a reflection of the organisational structure. The delegated powers are associated with the office and not with the person.
- 2.9.5 If the person to whom a power has been delegated is temporarily not able to act, the delegator may act himself or appoint an observer.
- 2.9.6 Delegations are subject to such limitations, conditions and instructions as laid down by the delegator. Deviation from such limitations, conditions and instructions in specific cases shall only take place on the basis of permission that is granted by the delegator in relation to that case.
- 2.9.7 Action on the basis of a delegation takes place in accordance with all appropriate statutory requirements, and in terms of University policy and procedures. Where necessary, such compliance is recorded in writing.
- 2.9.8 The recipient of a delegation is not in a position to delegate his delegated powers and responsibilities to another, unless the power of subdelegation is expressly or by implication evident from the delegation instructions.
- 2.9.9 If a person or institution acts in accordance with a delegation, the delegator may not set such action aside, unless a different intention is evident from the delegation, but the delegation has to be revised to prevent future unacceptable outcomes.
- 2.9.10 A delegator may withdraw, qualify or amend a delegated power or responsibility, or instruct that the recipient of a delegation may temporarily not act.
- 2.9.11 All delegation instructions as well as the acceptance thereof should be recorded in writing or electronically in a delegation

register that is kept up to date on a continuous basis. In terms of this, delegations are set out according to a fixed and consistent style.

- 2.9.12 All delegations are revised by Council from time to time, whether at their own initiative or on the recommendation of management.
  - 2.9.13 A delegation may not be exercised if the delegated person has conflicting interests.
  - 2.9.14 Delegations are equally important whether in the case of teaching and learning, research, community interaction, finance, support services and operating units.
  - 2.9.15 Delegations in terms of the Occupational Health and Safety Act, Act 85 of 1993, stand alongside ordinary delegations, and are also linked to the hierarchy of the organisational structure (as in **Addendum 1**). This also includes the responsibilities that the Chief Risk Officer (Rector) has determined in terms of the levels of risk management at different levels of the organisation (see **Addendum 2**).
  - 2.9.16 The delegator must ensure that the delegation of power is communicated to the delegated person clearly and understandably and conveyed properly.
- 2.10 The consideration of levels of materiality is a very important aspect of the exercise of delegation. Council has to determine the acceptable level of materiality for the events/transactions that are divulged to Council and that have to be approved by Council, in terms of principle 2.17.3 of the King III Report on Corporate Governance.
- 2.10.1 There are a number of existing approval levels for different actions, as well as statutory requirements for the sale and purchase of immovable property and the negotiation of loans and overdraft agreements in terms of Sections 20 and 40 of the Higher Education Act, Act 101 of 1997, as amended.
    - 2.10.1.1 Section 20 stipulates that the University must obtain the approval of the Minister of Higher Education and Training in advance for any form of disposal of immovable property.
    - 2.10.1.2 Section 40(3)(a) and (b) require the approval of the Minister of Higher Education for the conclusion of

loan or overdraft agreements unless sum of the amount thereof and that of the university's existing short and long term obligations (i) does not exceed the limit determined for the institution by the Minister, or (ii) failing such a determination, does not exceed 5% of the institution's average income for the preceding two years.

2.10.1.3 Section 40(3) (a) and (b) require ministerial approval for the erection of buildings or infrastructural developments, the acquisition of land or the conclusion of long terms leases of land unless the value thereof exceeds 5%of the average income of the institution for the preceding two years.

2.11 The way in which the delegations are anchored in the University's organisational structure and passed on hierarchically is set out in the delegation framework (**Addendum 5**) and in summary in **Addendum 3**.

### 3. STANDARD DELEGATION DOCUMENTS

#### EXAMPLE 1

#### General delegation document

 UNIVERSITEIT·STELLENBOSCH·UNIVERSITY jou kennisvennoot • your knowledge partner	<b>M E M O R A N D U M</b>  <b>Position</b> <b>Tel:</b> 021 808XXXX <b>Fax:</b> 021 808XXXX <b>E-mail:</b> XXXX@sun.ac.za
<b><u>TO</u></b> Subordinate/delegated person Position/post	
<b><u>FROM</u></b> DELEGATOR POSITION	
<b><u>DATE</u></b>	
<b><u>RE</u></b> DELEGATION TO .....	
(Fill in person's name and job title)	

Attached hereto, please find the Rules for Delegation of Powers and Responsibilities at Stellenbosch University (SU). You are kindly requested to study the attached document, sign it and return it to me without delay, but no later than XXXX. By signing the document you agree to the delegations made to you, as set out in Section XXX of the University's delegation framework (**Addendum 5** to the rules).

Please note that this document, along with your written acceptance of the delegations, shall be submitted to the next meeting of the Audit and Risk Committee of Council. If Council approves it, this document shall be included in your performance contract by way of reference.

Please note further that you may have the power, in terms of the delegation

framework, to make suitable subdelegations within your centre of responsibility. If so, you are kindly requested to check the record of such existing subdelegations that are contained in the delegation document for correctness, and to send any changes that you might make to the delegations in your environment from time to time to the Director: Legal Services for information and inclusion in the delegation framework.

Thanking you in anticipation

DELEGATOR  
POSITION

Copy: Director: Legal Services



## APPOINTMENT AS CHIEF EXECUTIVE OFFICER

### IN ACCORDANCE WITH SECTION 16(1) OF THE OCCUPATIONAL HEALTH AND SAFETY ACT, ACT 85 OF 1993, AS AMENDED (“OHS Act”)

1. Hereby I, **Prof Paul F de V Cluver**, Chairperson of the Council of Stellenbosch University, appoint you, **Prof H Russel Botman**, as Chief Executive Officer (Occupational Health and Safety) in terms of the abovementioned act.
2. This appointment shall be in force for the duration of your term of office as Rector and Vice-Chancellor of Stellenbosch University.
3. Your centre of responsibility shall be the respective functional areas on the University’s Stellenbosch Campus, as well as on the satellite campuses.
4. In terms of this appointment, you are entrusted with the following duties and responsibilities:
  - 4.1 You have overall responsibility and accountability for the implementation and maintenance of the provisions and stipulations of the Occupational Health and Safety Act, as amended.
  - 4.2 You shall familiarise yourself with the provisions and stipulations of the amended Occupational Health and Safety Act. For your convenience, a copy of Sections 8, 9, 13, 16 and 37 is attached.
  - 4.3 You shall comply with all the statutory requirements at all times.

.....  
 Prof PF de V Cluver  
 Chairperson: Council of Stellenbosch University

.....  
 Date

### ACCEPTANCE

I, **Prof H Russel Botman**, hereby accept the abovementioned appointment, and declare that I understand all the implications thereof.

.....  
 Signature of nominee

.....  
 Date



**APPOINTMENT AS ASSISTANT TO THE CHIEF EXECUTIVE OFFICER**

**ACCORDING TO SECTION 16(2) OF THE OCCUPATIONAL HEALTH AND SAFETY ACT,  
ACT 85 OF 1993, AS AMENDED (“OHS Act”)**

***(Appointment at the level of head of centre of responsibility and of dean)***

1. Hereby I, **Prof H Russel Botman**, Chief Executive Officer in terms of Section 16(1) of the abovementioned act, appoint you, ....., as my assistant in terms of abovementioned act.
2. This appointment shall be in force for the duration of your term of office as .....
3. Your centre of responsibility shall be the respective functional areas of the *Faculty of/Division for*..... on the Stellenbosch Campus of the University and, where appropriate, on the satellite campuses.
4. In terms of this appointment, you are entrusted with the following duties and responsibilities:
  - 4.1 You shall have complete responsibility for the implementation and maintenance of the provisions and stipulations of the Occupational Health and Safety Act, as amended.
  - 4.2 You shall familiarise yourself with the provisions and stipulations of the amended Occupational Health and Safety Act. For your convenience, a copy of Sections 8, 9, 13, 16 and 37 is attached.
  - 4.3 You shall comply with all the statutory requirements at all times.
5. You shall report to me on all matters related to occupational health and safety in your functional area for the duration of this appointment, via the Risk Management Committee of Stellenbosch University.
6. To provide you with assistance, you may make further appointments in your functional environment in terms of Section 16(2) of the Occupational Health and Safety Act. Such people should assist you in matters of occupational health and safety in specifically allocated areas in your functional environment. These people may not in turn make further appointments in terms of the Occupational Health and Safety Act. If you should make such further appointments, these should be done on the appointment form provided. All forms relating to further appointments shall be filed by you, and you shall submit a register of such further appointments to the secretary of the abovementioned Risk Management Committee.

.....  
Chief Executive Officer: Occupational Health and Safety  
Rector and Vice-Chancellor  
Stellenbosch University

.....  
Date

---

**ACCEPTANCE**

I, ....., hereby accept the abovementioned appointment, and declare that I understand all the implications thereof.

.....  
Signature of nominee

.....  
Date



**APPOINTMENT AS AIDE TO THE ASSISTANT TO THE CHIEF EXECUTIVE OFFICER**

**IN ACCORDANCE WITH SECTION 16(2) OF THE OCCUPATIONAL HEALTH AND SAFETY ACT, ACT 85 OF 1993, AS AMENDED (“OHS Act”)  
(Further appointments by heads of centres of responsibility or deans)**

1. Hereby I, ....., Assistant to the Chief Executive Officer in terms of Section 16(2) of the abovementioned act, appoint you,....., as my aide in terms of the abovementioned act.
2. This appointment shall be in force for the duration of my term of office as .....
3. Your area of responsibility shall be the specific functional area(s), ....., of the *Faculty of/Division for* ..... on the Stellenbosch Campus of the University and, where appropriate, on the satellite campuses.
4. In terms of this appointment, you are entrusted with the following duties and responsibilities:
  - 4.1 You shall have complete responsibility for the implementation and maintenance of the provisions and stipulations of the Occupational Health and Safety Act, as amended.
  - 4.2 You shall familiarise yourself with the provisions and stipulations of the amended Occupational Health and Safety Act. For your convenience, a copy of Sections 8, 9, 13, 16 and 37 is attached.
  - 4.3 You shall comply with all the statutory requirements at all times.
5. This responsibility may not be delegated further.

.....  
Assistant to the Chief Executive Officer:  
Occupational Health and Safety  
Stellenbosch University

.....  
Date

---

**ACCEPTANCE**

I, ....., hereby accept the abovementioned appointment, and declare that I understand all the implications thereof.

.....  
Signature of nominee

.....  
Date

**General acceptance document**

**Please print the acceptance letter on the letterhead of your environment/division**

Date

DELEGATOR

POSITION

**STELLENBOSCH UNIVERSITY**

Dear XXXX

**ACCEPTANCE OF DELEGATIONS**

In the capacity below, I hereby confirm that I agree with the content of the Stellenbosch University delegation framework (**Addendum 5** to the University's rules for delegation), and confirm that I accept the delegations that have been entrusted to me in terms of Section xxx thereof.

I further confirm that the subdelegations to managers in the respective environments that report to me, as set out in Section XXX of the delegation framework, are correct; that I have allocated them to those involved; and that it is my responsibility to keep the document updated at all times as I change delegations, assign them anew or recall them. I have conveyed the responsibilities and implications of the subdelegations in full to each of my managers.

I further take note that Section XXX of the delegation framework shall be included in my performance contract by way of reference to it.

Yours faithfully

.....

POSITION (                    )

**Delegations with regard to entering into research contracts**

**TO:** Vice-Rector (Research)  
*Copy to:* Senior Director: Research Development

**FROM:** Dean: Faculty of .....

**RE:** Delegation of powers to enter into research contracts

**DATE:**

---

In accordance with the documents on the delegation of power to enter into research contracts (document titled “The management of research funds at SU”, Addendum A 5.6, Addendum B), I hereby provide information on the delegations in the Faculty of ..... for XXXX:

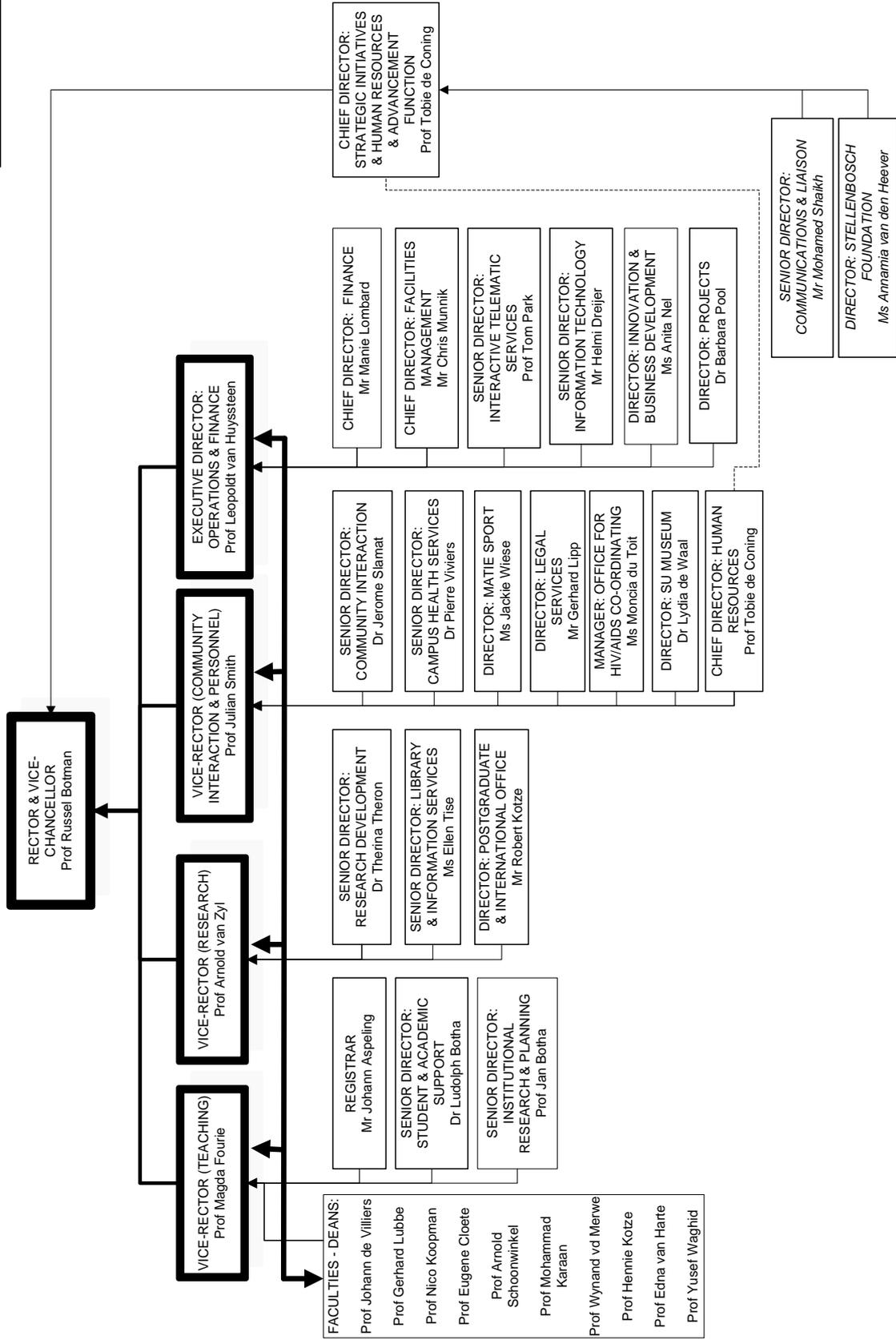
(Circle (b) or (c) depending on the circumstances)

- a) By my signature I confirm that I, as Dean, accept the delegation in terms of Addendum B above: .....(signature)
- b) I (initially) prefer not to grant any delegated power for the signing of research contracts.
- c) I hereby provide the list of delegations, with the signature of each delegated person, as a sign of acceptance of the delegation concerned:

<b>Department/ institute, etc.</b>	<b>Name of delegated person (and position, such as departmental chairperson)</b>	<b>Period of delegation</b>	<b>Maximum contract value</b>	<b>Signature of delegated person</b>

# Addendum 1

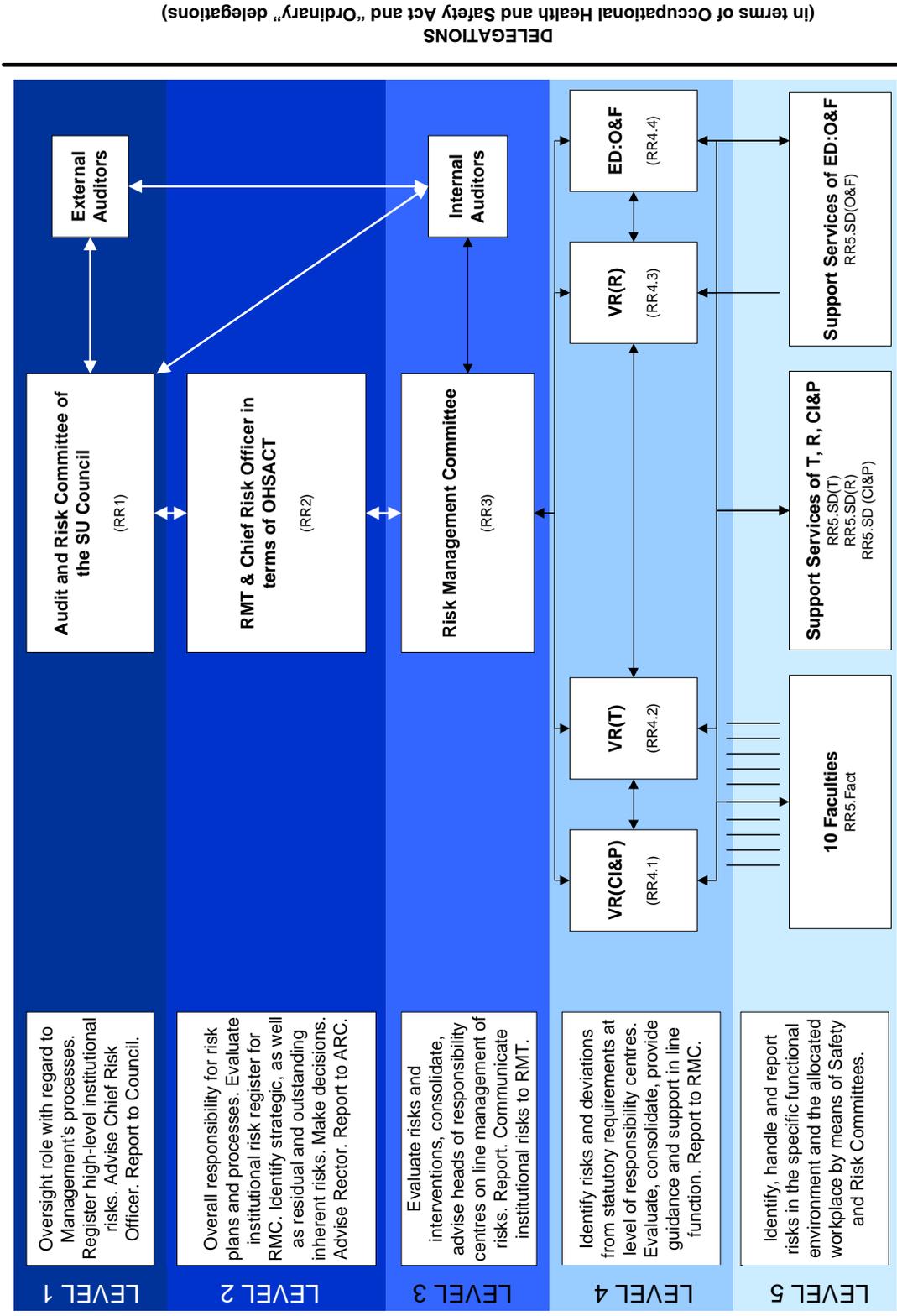
## US ORGANIGRAM: DIVISION HEADS MAY 2011



**Addendum 2**

**Levels of Safety and Risk Management at SU**

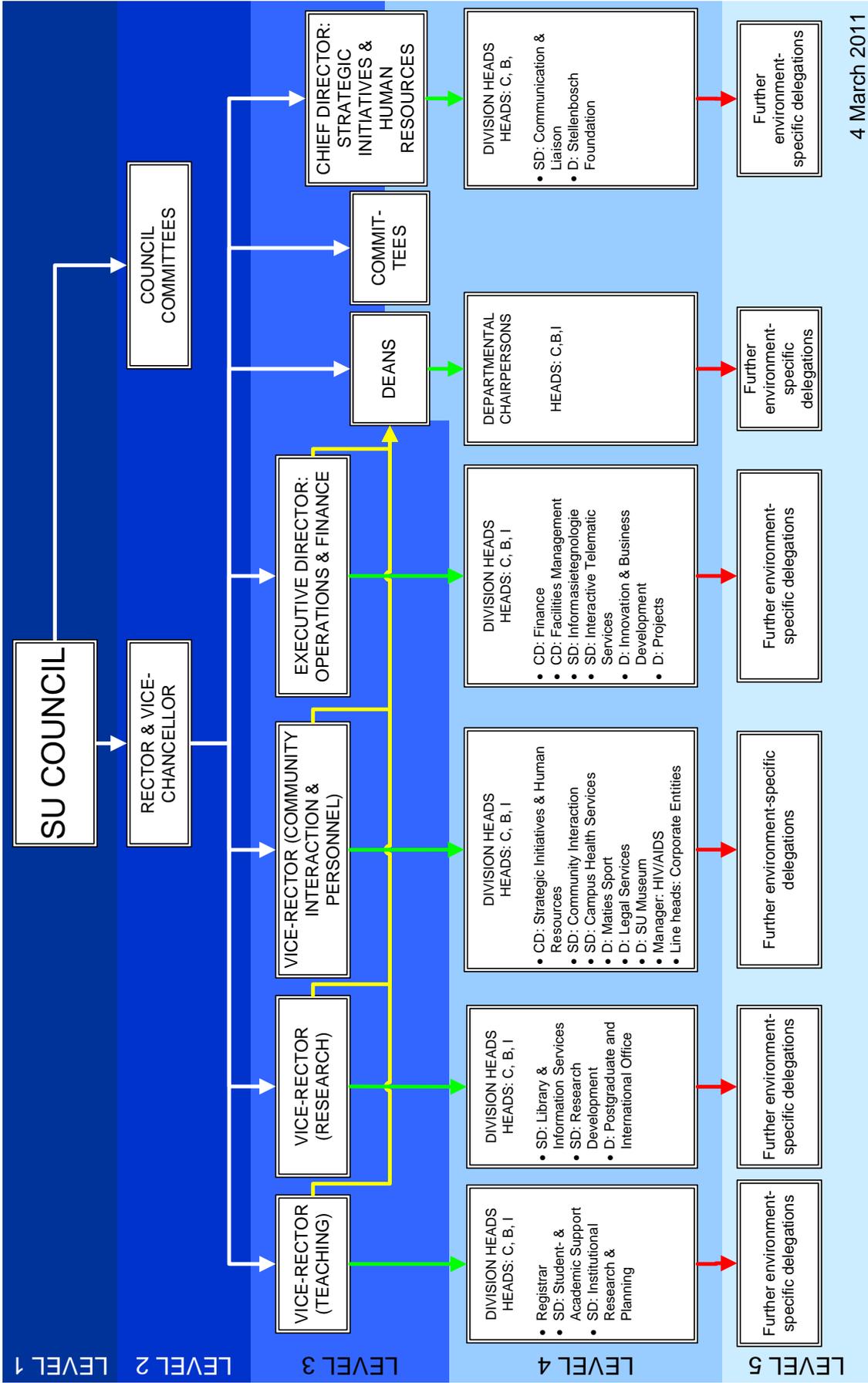
Embedded in existing structures for systemic safety and risk evaluation and integrated management



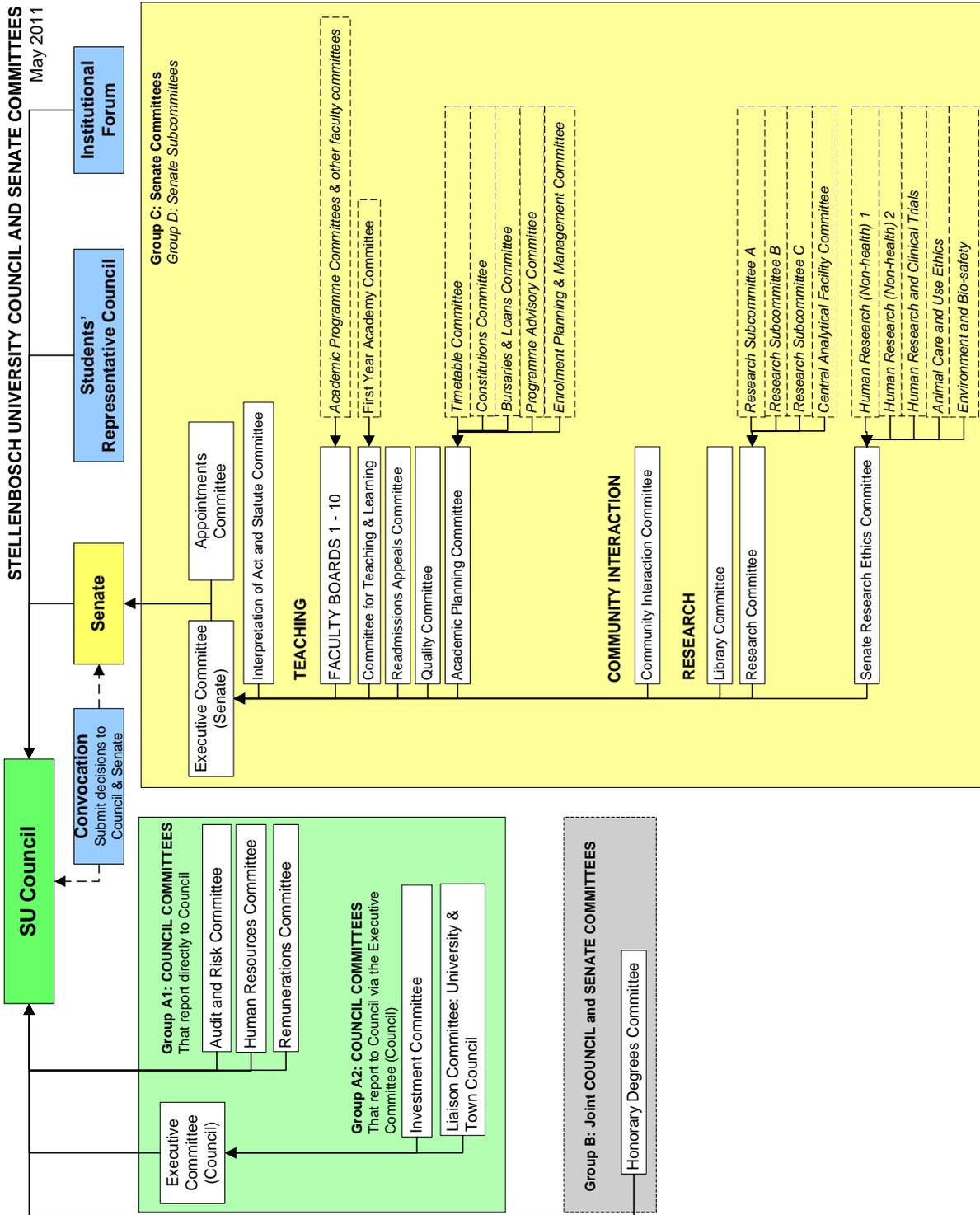
\* Central Database for Oversight and Coordination at Head: Risk and Protection Services

(in terms of Occupational Health and Safety Act and "Ordinary" delegations)

FRAMEWORK OF DELEGATIONS WITH LEVELS OF POWERS AND RESPONSIBILITIES



4 March 2011





## DELEGATION FRAMEWORK

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The delegation of powers and responsibilities in this register takes place on the basis of the **Rules for Delegation of Powers and Responsibilities**. Delegations at Stellenbosch University (SU), and thus also the structure of this delegation register, are anchored in the hierarchy of the SU organogram.

## **1. COUNCIL DELEGATIONS**

### **1.1 TO THE RECTOR**

Hereby the Council of Stellenbosch University, in terms of Section 68(2) of the Higher Education Act of 1997, as amended, delegates the following duties and powers, including full power of disposal, to the Rector, along with the power to delegate such powers to specific members of his or her management team and to members of the general managers' meeting of SU as he or she deems fit and on such conditions as he or she determines:

- 1.1.1 The power to take management decisions for the execution of predetermined Council policy (paragraph 1, Council decision of 2 December 1999).
- 1.1.2 In the absence of an express Council policy on a matter, the Rector may take the necessary decisions in urgent cases, provided that a report on material decisions shall serve at the next meeting of the Executive Committee of Council or of the Council itself, and furthermore provided that the Rector shall consult the Chairperson of Council on potentially sensitive decisions.
- 1.1.3 In the absence of an express Council policy on a matter, and when it is not an urgent case, the Rector shall refer material decisions to the Executive Committee of Council, while he/she shall not take material decisions him/herself.
- 1.1.5 Such powers that Council and Council committees delegate to the Rector from time to time.
- 1.1.6 In terms of the Occupational Health and Safety Act, Act 85 of 1993 ("OHS Act"), the Rector is the Chief Risk Officer, and risk management is delegated to him/her as such.

## **1.2 TO COMMITTEES OF COUNCIL AND OF SENATE**

Hereby the Council of Stellenbosch University delegates those powers that Council may delegate according to the mentioned legislation and Statute to committees of Council, to such committees, in terms of Section 68(2) of the Higher Education Act, Act 101 of 1997, as amended, and in terms of paragraphs 17(2)(a), 11(2),31(g) and 32(2) of the Statute:

### **1.2.1 Executive Committee (Council)**

All matters in terms of paragraph 17(2)(a) of the Statute, as well as such supervisory functions and other delegations that the Council may allocate from time to time.

### **1.2.2 Human Resources Committee (Council)**

Staff matters that have to be referred to the committee in terms of the relevant rules or at the discretion of the Rector.

### **1.2.3 Audit and Risk Committee (Council)**

All matters that have to be submitted to the Audit and Risk Committee (Council) according to the mandate from Council.

### **1.2.4 Honorary Degrees Committee (Council)**

All matters regarding the awarding of honorary degrees by SU, in accordance with Chapter 11 of the Statute.

### **1.2.5 Investment Committee (Council)**

All powers that are conferred by Council in accordance with the mandate.

### **1.2.6 Executive Committee (Senate)**

All matters in terms of paragraph 32(2) of the Statute, as well as such supervisory functions and other delegations that Council may confer from time to time.

### **1.2.7 Appointments Committee (Senate)**

Staff matters relating to permanent academic appointments and promotions.

## 2. DELEGATIONS BY THE RECTOR TO MEMBERS OF THE SENIOR MANAGEMENT

- 2.1 In terms of Section 68(3) of the Higher Education Act, Act 101 of 1997, as amended, and in so far as appropriate in terms of the delegation of powers to him/her by Council in terms of Section 68(2) of the Act, the Rector delegates the decision-making powers and power of disposal to the functionaries in paragraphs 2.2 to 2.7 below (level 3 in **Addendum 3**) that are related to the respective indicated spheres of responsibility, provided that attention is paid throughout to:
- 2.1.1 the existing, valid service contract of the functionary concerned and the relevant business plan;
  - 2.1.2 changes (whether oral or in writing) that are made to the functionary's service contract from time to time;
  - 2.1.3 portfolios that are allocated to him/her in an acting capacity;
  - 2.1.4 ad hoc delegations that are conferred from time to time;
  - 2.1.5 delegations by the Rector in terms of any other applicable legislation; and
  - 2.1.6 relevant decisions by Senate and committees of Senate.
- 2.2 The Rector delegates to the Vice-Rector (Teaching and Learning) powers and responsibilities with regard to:
- 2.2.1 overarching management and promotion of undergraduate and postgraduate teaching and learning;
  - 2.2.2 overarching academic planning (which includes enrolment planning, institutional research and quality assurance);
  - 2.2.3 academic support to students and lecturers;
  - 2.2.4 academic administration;
  - 2.2.5 student affairs;
  - 2.2.6 management of the overarching language policy and planning; and
  - 2.2.7 student accommodation.

- 2.3 The Rector delegates to the Vice-Rector (Research) powers and responsibilities with regard to:
- 2.3.1 overarching research management;
  - 2.3.2 overarching research development;
  - 2.3.3 research management with regard to research students and postdoctoral fellows;
  - 2.3.4 the library function; and
  - 2.3.5 internationalisation of the University's academic platform, including co-operative agreements with foreign institutions as well as fundraising.
- 2.4 The Rector delegates to the Vice-Rector (Community Interaction and Personnel) powers and responsibilities with regard to:
- 2.4.1 overarching management of human resources;
  - 2.4.2 overarching management of community interaction and partnerships;
  - 2.4.3 overarching management of campus health;
  - 2.4.4 overarching management of sport;
  - 2.4.5 overarching management of legal services, which includes student discipline;
  - 2.4.6 overarching management of museum facilities;
  - 2.4.7 overarching co-ordination of HIV/Aids management; and
  - 2.4.8 overarching management of corporate entities.
- 2.5 The Rector delegates to the Executive Director: Operations and Finance, powers and responsibilities with regard to the following:
- 2.5.1 Facilities Management**
    - 2.5.1.1 Overarching strategy and policy with regard to land, physical facilities, infrastructure and supporting infrastructure services as enablers of the University's core activities, support environments, sport facilities and student accommodation;
    - 2.5.1.2 Overarching strategy for the planning, utilisation and development of land, physical facilities and infrastructure;

- 2.5.1.3 Overarching strategy for the maintenance of land, physical facilities and infrastructure;
- 2.5.1.4 Overarching strategy for supporting facility services;
- 2.5.1.5 Overarching strategy for risk and protection services at SU for safeguarding the institution's assets and the campus community; and
- 2.5.1.6 Overarching planning and management by objectives for the Division for Facilities Management.

## **2.5.2 Information Technology**

- 2.5.2.1 Overarching strategy and policy with regard to the establishment and use of information and communication technology (ICT) for the core activities, supporting environments and student accommodation of the University; and
- 2.5.2.2 Overarching planning and management by objectives for the Division for Information Technology.

## **2.5.3 Finance**

- 2.5.3.1 Overarching strategy and policy for SU's financial planning and management;
- 2.5.3.2 Overarching financial governance;
- 2.5.3.3 Overarching financial planning for SU, including the budget process;
- 2.5.3.4 Overarching financial reporting; and
- 2.5.3.5 Overarching planning and management by objectives for the Division for Finance.

## **2.5.4 Telematic services**

- 2.5.4.1 Overarching strategy and policy with regard to telematic services; and
- 2.5.4.2 Overarching planning and management by objectives for the Division for Telematic Services.

## **2.5.5 Innovation and Business Development (InnovUS)**

2.5.5.1 Overarching strategy and policy with regard to the use of intellectual property, and the commercialisation of SU's knowledge base and discoveries; and

2.5.5.2 Overarching planning and management by objectives for technology transfer, innovation and commercialisation, including short courses.

#### **2.5.6 Project Office**

2.5.6.1 Overarching strategic and operational leadership for projects, both within and outside of the centre of responsibility, directed at greater efficiency between environments, the integration of service delivery, and better communication; and

2.5.6.2 Overarching planning, development, co-ordination and distribution of management information characteristic of the centre of responsibility for Operations and Finance.

#### **2.5.7 Sustainability at SU**

2.5.7.1 Overarching strategy and policy with regard to the assurance of sustainability at SU as concerns the institution's core activities, finance, physical facilities and waste management; and

2.5.7.2 Overarching planning and management by objectives for sustainability.

#### **2.5.8 Committees**

2.5.8.1 Chairpersonship of the Investment Committee (Council);

2.5.8.2 Chairpersonship of the Risk Management Committee (committee offers advice to the Rector); and

2.5.8.3 Chairpersonship of the Facilities Management Committee (committee offers advice to Rector).

**2.5.9 Strategic reconciliation of each of the above functions** with each other as well as with the University's core activities in order to support the core activities in an integrated and empowering

manner.

- 2.6 In terms of the Occupational Health and Safety Act, Act 85 of 1993, the Rector delegates the powers and responsibilities regarding safety and risk management to a number of heads of environments, in terms of

**Addendum 2.**

- 2.7 The Rector delegates the following functions to the Chief Director:  
Strategic Initiatives and Human Resources:

**2.7.1 Without power of disposal:**

- 2.7.1.1 Strategic planning of the University's development function and of the compilation of an integrated development plan for SU;
- 2.7.1.2 Development of appropriate policies and protocols to guide the development function;
- 2.7.1.3 Compilation and management of a consolidated budget for the SU development function;
- 2.7.1.4 Negotiation and compilation of appropriate contracts (e.g. with marketing agencies); and
- 2.7.1.5 Determining the scope of and undertaking time-constrained, approved ad hoc strategic initiatives.

**2.7.2 With power of disposal:**

- 2.7.2.1 Comprehensive operational management in the development function and of apportioned strategic initiatives;
- 2.7.2.2 The overarching management of the University's development office;
- 2.7.2.3 The overarching management of Communication and Liaison;
- 2.7.2.4 The undertaking and appropriate submission of strategic initiative projects;
- 2.7.2.5 The initiation of possible further strategic initiatives; and
- 2.7.2.6 Planning and facilitating the University's opportunities for planning (as in the IPF).

- 2.8 The Rector delegates the functions of the Council secretary directly to the Registrar.
- 2.9 The delegations in paragraphs 2.2 to 2.8 above are entrusted to the abovementioned functionaries, provided that they shall have the right to assign their delegations to their subordinate managers at their discretion.

### 3. SUBDELEGATIONS BY SENIOR MANAGEMENT (level 3–4)

The senior management comprises the three Vice-Rectors and the Executive Director, who assign the necessary subdelegations (level 3 in **Addendum 3**) to their respective heads of divisions. The specific accountability for a function determines whether it is delegated **with** or **without** power of disposal.

#### 3.1 SUBDELEGATIONS BY THE VICE-RECTOR (TEACHING AND LEARNING)

- 3.1.1. On the basis of a delegation (with a right to subdelegation) of powers and responsibilities by the Rector in terms of Section 68(3) of the Higher Education Act, Act 101 of 1997, the Vice-Rector (Teaching and Learning) is responsible for:
- 3.1.1.1 overarching management and promotion of undergraduate and postgraduate teaching and learning;
  - 3.1.1.2 overarching academic planning, which includes enrolment planning, institutional research and quality assurance;
  - 3.1.1.3 academic support to students and lecturers;
  - 3.1.1.4 academic administration;
  - 3.1.1.5 student affairs;
  - 3.1.1.6 overarching language policy and planning; and
  - 3.1.1.7 student accommodation.
- 3.1.2 The Vice-Rector (Teaching and Learning) delegates the following functions to the Registrar, **with power of disposal**:
- 3.1.2.1 The comprehensive management of the academic administration of SU, including the Stellenbosch, Tygerberg, Bellville Park and Saldanha Campuses as well as the Cape Institute for Agricultural Training, Elsenburg, which includes, among others:
    - 3.1.2.1.1 applications and admission of prospective and current students (undergraduate and postgraduate);
    - 3.1.2.1.2 student registration and enquiries;
    - 3.1.2.2.3 maintenance of the student information system;

- 3.1.2.2.4 academic transcripts, certificates of conduct and degree certificates;
- 3.1.2.2.5 undergraduate bursaries and loans according to an approved policy;
- 3.1.2.2.6 timetables and venues;
- 3.1.2.2.7 examinations;
- 3.1.2.2.8 graduation ceremonies;
- 3.1.2.2.9 archives, post and filing services; and
- 3.1.2.2.10 the management of the Client Service Centre.
- 3.1.2.2 The secretariat of faculty committees and boards, the SU Council, Council committees, Senate and Senate committees
- 3.1.2.3 The management of the language implementation plan of the Division for Academic Administration.
- 3.1.3 The Vice-Rector (Teaching and Learning) delegates the following functions to the Senior Director: Student and Academic Support, **with power of disposal:**
  - 3.1.3.1 The comprehensive management and co-ordination of the Division and of the following centres:
    - 3.1.3.1.1 The Centre for Student Counselling and Development
    - 3.1.3.1.2 The Centre for Prospective Students
    - 3.1.3.1.4 The Centre for Teaching and Learning
    - 3.1.3.1.5 The Language Centre
    - 3.1.3.1.6 The Centre for Student Communities
    - 3.1.3.1.7 The Centre for Student Affairs
    - 3.1.3.1.8 The Tracking Unit
  - 3.1.3.2 The management of the language implementation plan of the Division for Student and Academic Support
- 3.1.4 The Vice-Rector (Teaching and Learning) delegates the following functions to the Senior Director: Institutional Research and Planning, **with power of disposal:**
  - 3.1.4.1 The management and co-ordination of the University's

- academic planning
  - 3.1.4.2 The management and co-ordination of the University's quality assurance system
  - 3.1.4.3 The management and co-ordination of institutional research, HEMIS reporting and management information
  - 3.1.4.4 The institutional co-ordination of the University's enrolment planning and management
  - 3.1.4.5 The interpretation of legislation and policies that are applicable to higher education (as concerns the issues in 3.1.4.1–3.4.1.4)
  - 3.1.4.6 Liaising with the Council on Higher Education, the Higher Education Quality Committee, and the Ministry of Higher Education and Training (as concerns the issues in 3.1.4.1–3.4.1.4) as well as with HESA
  - 3.1.4.7 The management of the language implementation plan of the Division for Institutional Research and Planning
- 3.1.5 The Vice-Rector (Teaching and Learning) delegates the following functions to the deans of faculties, **with power of disposal**:
- 3.1.5.1 The management of the faculty's approved business plan
  - 3.1.5.2 The planning and management of student enrolment
  - 3.1.5.3 The management of the teaching and learning portfolio in the context of the specific faculty in which the dean is appointed
  - 3.1.5.4 The planning and management of academic programmes
  - 3.1.5.5 The assurance of academic quality in the specific faculty
  - 3.1.5.6 The management of relationships with the students of the specific faculty
  - 3.1.5.7 The development and management of a language implementation plan for the faculty concerned

## 3.2 SUBDELEGATIONS BY THE VICE-RECTOR (RESEARCH)

- 3.2.1 On the basis of a delegation (with a right to subdelegation) of powers and responsibilities by the Rector in terms of Section 68(3) of the Higher Education Act, Act 101 of 1997, the Vice-Rector (Research) is responsible for:
- 3.2.1.1 postgraduate research students and postdoctoral fellows;
  - 3.2.1.2 research support to students, postdoctoral fellows and lecturers;
  - 3.2.1.3 the establishment and maintenance of international academic, government and industry networks;
  - 3.2.1.4 academic support regarding the provision of information and information literacy by the Library and Information Service;
  - 3.2.1.5 the acquisition, provision and management of information sources in accordance with the needs of the faculties;
  - 3.2.1.6 the reconciliation of research content with the institutional objectives in accordance with international ethical practices;
  - 3.2.1.7 the negotiation of research contracts with outside parties in accordance with the University's financial policy and policy on commercialisation; and
  - 3.2.1.8 the consolidation of, and reporting on, research outputs.
- 3.2.2 The Vice-Rector (Research) delegates the following functions to the Senior Director: Library and Information Service, **with power of disposal**:
- 3.2.2.1 Academic support regarding the provision of information and information literacy in terms of the needs of the student, academic and research community of the University;
  - 3.2.2.2 The acquisition, provision and management of information sources in accordance with the needs of the faculties, and within the prescribed budget framework of the University;

and

3.2.2.3 The negotiation of national and international licensing agreements for electronic and other sources of information with suppliers and other bodies, in order to ensure optimal access within the scope of the relevant legislation.

3.2.3 The Vice-Rector (Research) delegates the following functions to the Senior Director: Research, **with power of disposal:**

3.2.3.1 Research support (skills development, fundraising and career development) to postdoctoral fellows and lecturers;

3.2.3.2 The establishment and maintenance of international government and industry networks;

3.2.3.3 The acquisition and judicious use of research equipment by the Research Committee;

3.2.3.4 The reconciliation by the respective committees of research content with the institutional objectives in accordance with international ethical practices;

3.2.3.5 The negotiation of research contracts with outside parties in accordance with the University's financial policy and policy on commercialisation; and

3.2.3.6 The subdelegation of the management of research money in accordance with the document, "The management of research funds at SU: An integrated system".

3.2.4 The Vice-Rector (Research) delegates the following functions to the Director: Postgraduate and International Office, **with power of disposal:**

3.2.4.1 The implementation and management of a support platform for postgraduate and international students;

3.2.4.2 The management of postgraduate bursaries and skills development for postgraduate students according to an approved policy; and

3.2.4.3 The establishment and maintenance of international academic networks, and the co-ordination of academic visitors and institutional academic delegations.

### **3.3 SUBDELEGATIONS BY THE VICE-RECTOR (COMMUNITY INTERACTION AND PERSONNEL)**

3.3.1 On the basis of a delegation (with a right to subdelegation) of powers and responsibilities by the Rector in terms of Section 68(3) of the Higher Education Act, Act 101 of 1997, the Vice-Rector (Community Interaction and Personnel) is responsible for:

- 3.3.1.1 overarching human resource management;
- 3.3.1.2 overarching management of community interaction and community partnerships;
- 3.3.1.3 overarching management of campus health;
- 3.3.1.4 overarching management of sport;
- 3.3.1.5 overarching management of legal services;
- 3.3.1.6 overarching management of museum facilities;
- 3.3.1.7 overarching co-ordination of HIV/Aids management;
- 3.3.1.8 overarching management of corporate entities; and
- 3.3.1.9 the compilation of a business plan for the centre of responsibility.

3.3.2 The Vice-Rector (Community Interaction and Personnel) delegates the following functions to the Chief Director: Strategic Initiatives and Human Resources:

#### **3.3.2.1 Without power of disposal**

- 3.3.2.1.1 The compilation of a business plan; and
- 3.3.2.1.2 The compilation of a staff plan.

#### **3.3.2.2 With power of disposal**

- 3.3.2.2.1 Provision of the appropriate staff corps according to an approved organogram and within the constraints of the available budget for the division to achieve strategic and operational objectives; and
- 3.3.2.2.2 Development and implementation of policy, processes, procedures and strategies in relation to important human resource management functions.

3.3.3 The Vice-Rector (Community Interaction and Personnel) delegates the following functions to the Senior Director:  
Community Interaction:

3.3.3.1 **Without power of disposal**

- 3.3.3.1.1 The compilation of a business plan; and
- 3.3.3.1.2 The compilation of a staff plan.

3.3.3.2 **With power of disposal**

- 3.3.3.2.1 Policy development;
- 3.3.3.2.2 Implementation of appropriate strategies;
- 3.3.3.2.3 Development of appropriate internal and external partnerships;
- 3.3.3.2.4 The overarching responsibility for the promotion of service learning;
- 3.3.3.2.5 The overarching responsibility for the reconciliation of community interaction activities among the students and in the mainstream;
- 3.3.3.2.6 The overarching responsibility for the integration of community interaction with the other core functions of the University; and
- 3.3.3.2.7 The overarching responsibility for the appropriate celebration of national days.

3.3.4 The Vice-Rector (Community Interaction and Personnel) delegates the following functions to the Senior Director: Campus Health Services:

3.3.4.1 **Without power of disposal**

- 3.3.4.1.1 The compilation of a business plan; and
- 3.3.4.1.2 The compilation of a staff plan.

3.3.4.2 **With power of disposal**

- 3.3.4.2.1 Provision of appropriate health services to the students and staff;
- 3.3.4.2.2 Preventative action to ensure optimal health; and

3.3.4.2.3 The determination and management of health-related risks.

3.3.5 The Vice-Rector (Community Interaction and Personnel) delegates the following functions to the Director: Maties Sport:

3.3.5.1 **Without power of disposal**

3.3.5.1.1 The compilation of a business plan; and

3.3.5.1.2 The compilation of a staff plan.

3.3.5.2 **With power of disposal**

3.3.5.2.1 The management of club and residence sport;

3.3.5.2.2 Making sports facilities available for both internal and external use;

3.3.5.2.3 The exploitation of sport as a strategic asset; and

3.3.5.2.4 The commercialisation of sport assets.

3.3.6 The Vice-Rector (Community Interaction and Personnel) delegates the following functions to the Director: Legal Services:

3.3.6.1 **Without power of disposal**

3.3.6.1.1 The compilation of a business plan; and

3.3.6.1.2 The compilation of a staff plan.

3.3.6.2 **With power of disposal**

3.3.6.2.1 The provision of general legal services;

3.3.6.2.2 The handling and management of student discipline;

3.3.6.2.3 The handling of investigations in relation to staff and students; and

3.3.6.2.4 The assurance of compliance with the law.

3.3.7 The Vice-Rector (Community Interaction and Personnel) delegates the following functions to the Director: SU Museum:

3.3.7.1 **Without power of disposal**

3.3.7.1.1 The compilation of a business plan; and

3.3.7.1.2 The compilation of a staff plan.

### 3.3.7.2 **With power of disposal**

3.3.7.2.1 Maximisation of the SU Museum as a strategic asset so as to promote art in the context of corporate entities.

3.3.8 The Vice-Rector (Community Interaction and Personnel) delegates the following functions to the Manager: Office for Institutional HIV/Aids Co-ordination:

#### 3.3.8.1 **Without power of disposal**

3.3.8.1.1 The compilation of a business plan; and

3.3.8.1.2 The compilation of a staff plan.

#### 3.3.8.2 **With power of disposal**

3.3.8.2.1 Development of policy;

3.3.8.2.2 Putting appropriate strategies into operation; and

3.3.8.2.3 The development of internal and external partnerships.

3.3.9 The Vice-Rector (Community Interaction and Personnel) delegates the following functions with regard to corporate entities to the Executive Director: Operations and Finance, the Dean: Arts and Social Sciences, and the Senior Director: Communication and Liaison, **with power of disposal**:

3.3.9.1 The maximisation of specific entities as strategic assets.

3.3.10 The Vice-Rector (Community Interaction and Personnel) delegates the following functions to the deans of faculties:

#### 3.3.10.1 **Without power of disposal**

3.3.10.1.1 The compilation of a business plan;

3.3.10.1.2 The identification of staff who come into consideration for performance acknowledgement;

3.3.10.1.3 The management of staff in accordance with the institutional policy and procedures;

3.3.10.1.4 The recruitment, appointment and retention of staff.

3.3.10.2 **With power of disposal**

- 3.3.10.2.1 The approval of community interaction projects;
- 3.3.10.2.2 The determination and pursuance of diversity targets; and
- 3.3.10.2.3 The planning and implementation of training, exposure and support opportunities for staff.

### **3.4 SUBDELEGATIONS BY THE EXECUTIVE DIRECTOR: OPERATIONS AND FINANCE**

3.4.1 On the basis of a delegation (with a right to subdelegation) of powers and responsibilities by the Rector in terms of Section 68(3) of the Higher Education Act, Act 101 of 1997, as amended, the Executive Director: Operations and Finance is responsible for the following:

#### **3.4.1.1 Facilities management**

3.4.1.1.1 Overarching strategy and policy with regard to land, physical facilities, infrastructure and supporting facility services as enablers of the University's core activities, support environments, sport facilities and student accommodation;

3.4.1.1.2 Overarching strategy for the planning and development of land, physical facilities and infrastructure;

3.4.1.1.3 Overarching strategy for the maintenance of land, physical facilities and infrastructure;

3.4.1.1.4 Overarching strategy for the provision of supporting facility services; and

3.4.1.1.5 Overarching strategy for risk and protection services at SU for safeguarding the University's assets and the campus community.

#### **3.4.1.2 Information technology**

3.4.1.2.1 Overarching strategy and policy for the establishment and use of ICT for the core activities and supporting environments of SU, as well as for student accommodation; and

3.4.1.2.2 Overarching ICT planning.

### **3.4.1.3 Finance**

- 3.4.1.3.1 Overarching strategy and policy for the University's financial planning and management;
- 3.4.1.3.2 Overarching financial governance;
- 3.4.1.3.3 Overarching institutional financial planning, which includes the budget process; and
- 3.4.1.3.4 Overarching financial reporting.

### **3.4.1.4 Telematic services**

- 3.4.1.4.1 Overarching strategy and policy with regard to telematic services; and
- 3.4.1.4.2 Overarching planning of telematic services.

### **3.4.1.5 Innovation and business development (InnovUS)**

- 3.4.1.5.1 Overarching strategy and policy with regard to the use of intellectual property, and the commercialisation of the University's knowledge base and discoveries; and
- 3.4.1.5.2 Overarching planning of technology transfer, innovation, short courses and commercialisation.

### **3.4.1.6 Project Office**

- 3.4.1.6.1 Overarching strategic and operational leadership for projects, both within and outside of the centre of responsibility, which are focused on greater efficiency between environments, the integration of service provision, and better communication; and
- 3.4.1.6.2 Overarching planning, development, co-ordination and distribution of management information that is unique to the centre of responsibility: Operations and Finance.

### **3.4.1.7 Sustainability of SU**

- 3.4.1.7.1 Overarching strategy and policy to ensure sustainability at SU regarding the University's core

activities, finance, physical facilities and waste management; and

3.4.1.7.2 Overarching planning for sustainability.

### **3.4.1.8 Committees**

3.4.1.8.1 Chairpersonship of the Investment Committee (Council);

3.4.1.8.2 Chairpersonship of the Risk Management Committee (committee offers advice to the Rector); and

3.4.1.8.3 Chairpersonship of the Facilities Management Advisory Committee (committee offers advice to the Rector).

**3.4.1.9 Strategic alignment** of each of the abovementioned functions with each other as well as with the University's core activities in order to support the core activities in an integrated, empowering manner.

3.4.2 The Executive Director: Operations and Finance delegates the following functions to the Chief Director: Facilities Management:

#### **3.4.2.1 Without power of disposal**

3.4.2.1.1 Strategic planning of the University's facilities and infrastructure, and the compilation of a campus master plan, which is in turn supported by an appropriate business plan;

3.4.2.1.2 The development of policy and procedures for facilities management and infrastructure at SU;

3.4.2.1.3 The compilation and management of a consolidated budget for facilities and infrastructure;

3.4.2.1.4 The negotiation and compilation of appropriate contracts; and

3.4.2.1.5 The compilation of a staff plan.

### 3.4.2.2 **With power of disposal**

- 3.4.2.2.1 Comprehensive operational management of the Division for Facilities Management, excluding policy matters;
- 3.4.2.2.2 The overarching management of the planning and development function;
- 3.4.2.2.3 The overarching management of the facilities services function;
- 3.4.2.2.4 The overarching management of the property services function;
- 3.4.2.2.5 The overarching management of the risk and protection services function;
- 3.4.2.2.6 The overarching management of the financial function of facilities management (in consultation with the Division for Finance); and
- 3.4.2.2.7 The overarching management of the human resources function of the Division for Facilities Management (in consultation with the Division for Human Resources).

**For specific subdelegations in the Division for Facilities Management, see paragraph 2.4.1, Addendum 6.**

- 3.4.3 The Executive Director: Operations and Finance delegates the following functions to the Senior Director: Information Technology:

#### 3.4.3.1 **Without power of disposal**

- 3.4.3.1.1 Strategic planning of ICT systems according to the requirements of the core activities and the support service divisions of SU, and the compilation of an appropriate business plan;
- 3.4.3.1.2 The development of ICT policy and procedures;
- 3.4.3.1.3 The compilation and management of a consolidated budget for supporting ICT functions and

infrastructure at SU;

3.4.3.1.4 The compilation and management of a budget for the Division for Information Technology;

3.4.3.1.5 The compilation and management of a staff plan for the Division for Information Technology; and

3.4.3.1.6 The negotiation and compilation of appropriate contracts.

**3.4.3.2 With power of disposal**

3.4.3.2.1 The comprehensive operational management of the Division for Information Technology, excluding management matters;

3.4.3.2.2 The comprehensive operational management of ICT for the business and support systems of SU;

3.4.3.2.3 Comprehensive resource management regarding staff, finance and ICT equipment for the efficient and purposeful operation, extension and maintenance of the ICT infrastructure of the University; and

3.4.3.2.4 Occupational safety of the Information Technology staff, as well as of users and visitors to the premises where they are in direct contact with ICT infrastructure.

3.4.4 The Executive Director: Operations and Finance delegates the following function to the Chief Director: Finance:

**3.4.4.1 Without power of disposal**

3.4.4.1.1 The development of financial policy and procedures;

3.4.4.1.2 The development of financial plans and a consolidated annual budget for the University;

3.4.4.1.3 The management of the budget process;

3.4.4.1.4 Financial reporting;

3.4.4.1.5 The completion and implementation of the business plan of the Division for Finance;

3.4.4.1.6 The implementation of cost-effectiveness measures;

3.4.4.1.7 Participation in the adjustment of remuneration backlogs;

3.4.4.1.8 The management of the commercial services

function, including the Langenhoven Student Centre, the Botanical Gardens and the Central Copying Services, in terms of the respective business plans as amended from time to time and in accordance with the University's overarching planning and strategies;

- 3.4.4.1.9 The management of the catering function in the residences;
- 3.4.4.1.10 The management of the cleaning services function in the residences;
- 3.4.4.1.11 The financial management of accommodation in terms of the business plan and budget, as approved by the Student Accommodation Committee;
- 3.4.4.1.12 The management of the purchasing function;
- 3.4.4.1.13 The compilation and management of the budget for the Division for Finance;
- 3.4.4.1.14 The compilation and management of a staff plan for the Division for Finance;
- 3.4.4.1.15 The management of the student fees and debtors function;
- 3.4.4.1.16 The financial management of the University's money and assets, including all of the University's bank accounts and bank facilities;
- 3.4.4.1.17 The management of the SU trademark in collaboration with the Division for Communication and Liaison, as well as InnovUS where applicable;
- 3.4.4.1.18 Periodic review of approval powers and levels for both contracts and payments;
- 3.4.4.1.19 The compilation and development of the student fees budget;
- 3.4.4.1.20 The management of the University's insurance portfolio;
- 3.4.4.1.21 The financial management and budget of the University's utility services; and

3.4.4.1.22 The management of the University's remuneration function and related matters.

3.4.4.2 **With power of disposal**

3.4.4.2.1 The comprehensive operational management of the Division for Finance, excluding policy matters;

3.4.4.2.2 The comprehensive operational management of financial systems;

3.4.4.2.3 The development and maintenance of the financial operating system;

3.4.4.2.4 Comprehensive resource management with regard to staff and finance for the efficient and purposeful operation, extension and maintenance of University-wide financial support;

3.4.4.2.5 The implementation of financial policy and procedures;

3.4.4.2.6 Financial governance; and

3.4.4.2.7 Responsibility for the University's VAT and employee tax matters.

**For specific subdelegations in the Division for Finance, see paragraph 2.4.2, Addendum 6.**

3.4.5 The Executive Director: Operations and Finance delegates the following functions to the Senior Director: Telematic Services:

3.4.5.1 **Without power of disposal**

3.4.5.1.1 Strategic planning of telematic services at the University, and the compilation of an appropriate business plan;

3.4.5.1.2 The development of policy and procedures with regard to telematic services;

3.4.5.1.3 The compilation and management of a consolidated budget for telematic services;

- 3.4.5.1.4 The negotiation and compilation of appropriate contracts; and
- 3.4.5.1.5 The compilation of a staff plan for the Division for Telematic Services.

3.4.5.2 **With power of disposal**

- 3.4.5.2.1 The comprehensive operational management of the Division for Telematic Services, excluding policy matters;
- 3.4.5.2.2 The comprehensive operational management of the ICT systems for the Division for Telematic Services;
- 3.4.5.2.3 The compilation and management of a human resource plan for the Division for Telematic Services;
- 3.4.5.2.4 Comprehensive resource management with regard to staff, finance, ICT systems and equipment for the efficient and purposeful operation, extension and maintenance of telematic services at the University; and
- 3.4.5.2.6 Commercialisation of the University's telematic services programmes.

- 3.4.6 The Executive Director: Operations and Finance delegates the following functions to the Director: Innovation and Business Development:

3.4.6.1 **Without power of disposal**

- 3.4.6.1.1 Strategic planning for the commercial development and management of the intellectual property (IP) and new discoveries of the University, and the compilation of an appropriate business plan;
- 3.4.6.1.2 The development of policy and procedures with reference to IP and the commercialisation of the University's knowledge base;
- 3.4.6.1.3 The compilation and management of a consolidated budget for the commercialisation of IP at the

University, as well as for InnovUS, including the Division for Short Courses;

- 3.4.6.1.4 Reporting with reference to commercialisation activities with regard to IP;
- 3.4.6.1.5 The compilation and management of a staff plan for InnovUS; and
- 3.4.6.1.6 The negotiation and compilation of appropriate contracts.

#### 3.4.6.2 **With power of disposal**

- 3.4.6.2.1 The comprehensive operational management of InnovUS, excluding policy matters;
- 3.4.6.2.2 The implementation of the business plan for the commercialisation and technology transfer of the knowledge base of the University;
- 3.4.6.2.3 The comprehensive operational management of the IP database and information systems in terms of the stipulations of the Intellectual Property Rights Act;
- 3.4.6.2.4 Comprehensive resource management with reference to staff and finance for the efficient and purposeful operation, extension and maintenance of the extensive IP portfolio of the University;
- 3.4.6.2.5 The operational management of appropriate emergent commercialisation projects;
- 3.4.6.2.6 The financial management of appropriate emergent commercialisation projects, subject to the University's financial management principles and policy;
- 3.4.6.2.7 Responsibility for the occupational safety of InnovUS staff as well as users and visitors on the premises where they are in direct contact with IP infrastructure;
- 3.4.6.2.8 Operational management of the University's IP, and decision making on patenting and trademark registration; and

3.4.6.2.9 Management of the Internal Innovation Fund (cost point R777), subject to the University's financial management principles and policy.

3.4.7 The Executive Director: Operations and Finance delegates the following functions to the Director: Projects, **with power of disposal**:

3.4.7.1 Project management and administration of specific University projects, whether according to the decisions of the Rector's management team or of the project managers concerned.

3.4.8 The Executive Director: Operations and Finance delegates the following functions to the deans of faculties:

3.4.8.1 **Without power of disposal**

3.4.8.1.1 The compilation of the faculty's business plan;

3.4.8.1.2 The compilation of the faculty's budget; and

3.4.8.1.3 The compilation of the faculty's plan for physical facilities and information technology-related infrastructure.

3.4.8.2 **With power of disposal**

3.4.8.2.1 The division of the faculty's budget in terms of the approved business plan and associated faculty allocation;

3.4.8.2.2 The management of the approved budget, with final say over all cost points (budget and non-budget) in the faculty;

3.4.8.2.3 The approval of expenditure in terms of the approved list of proxies (signing powers) as well as within the approved budget of the faculty;

3.4.8.2.4 The allocation and overarching management of University facilities that are allocated to the faculty;

3.4.8.2.5 The signing of disclosure forms, the approval of

- business plans, and the disclosure of innovations that arise from research contracts;
- 3.4.8.2.6 The signing of letters of declaration with regard to licensing agreements, memoranda of understanding and shareholders' agreements regarding commercialisation activities;
  - 3.4.8.2.7 The choice in respect of target markets that should be reached by the faculty's academic offering with regard to telematic services, and the required delivery modes, such as residential, virtual or a combination of the two;
  - 3.4.8.2.8 The choice in respect of the type of technology that can be used in a virtual option, for example asynchronous technology such as online programmes/modules, and/or synchronous technology such as television broadcasts and video-conferencing;
  - 3.4.8.2.9 The utilisation of lecturers from other universities or subject specialists from the private sector by way of technological applications;
  - 3.4.8.2.10 The use of the technology platform to commercialise IP in the form of short courses; and
  - 3.4.8.2.11 The approval of the prices of all research contracts that are not fixed according to the full-cost price, in terms of the Policy for the Costing of Research and Research-related Contracts.

### **3.5 SUBDELEGATIONS BY THE CHIEF DIRECTOR: STRATEGIC INITIATIVES**

Still to be completed.

## 3.6 SUBDELEGATIONS BY DEANS

### 3.6.1 Delegation of powers and responsibilities in the Faculty of XXXXX

*Valid as from.....*

#### **The Dean: XXX (Prof YYY) retains the following powers (undelegated):**

1. Overarching responsibility for the Faculty's strategy
2. Overarching responsibility for the Faculty's management
3. Final division of the Faculty's budget
4. Approval of staff appointments as well as of cost to company
5. Approval of all part-time/temporary service contracts of more than R150 000 per year
6. Performance management of staff in the Dean's Division, departmental chairpersons and deputy deans
7. Approvals of all *ad hoc* payments to staff (full-time/part time or permanent/temporary)
8. Final authority over all cost points (budget and non-budget) in the Faculty of XXXX
9. Approval of all spending on the cost point of the Dean's Division

**The authorisation for the matters below is delegated to managers in the Faculty of XXXXX:**

#### **To the Deputy Dean: Research (Prof YYY) (if applicable)**

1. Signing of research contracts of more than R150 000 to just below R500 000, and the signing of letters of declaration
2. Management van Overarching Strategic Plan money and projects
3. Chairperson of all research or service-providing centres/institutes in the Faculty of XXXXXX
4. Co-ordination of the Faculty of XXXXXX's research with postgraduate training functions, both in and outside of the Faculty

#### **To the Deputy Dean: Teaching (Prof YYY) (if applicable)**

1. Chairpersonship of the Undergraduate and Postgraduate Programme Committees
2. Compilation of, and changes to, the Faculty's Calendar
3. Quality assurance of the teaching programmes of the Faculty
4. Co-ordination of the Faculty's teaching functions between departments, both in and outside of the Faculty
5. Service in the University's teaching-related committees

#### **To the Faculty Manager (XXXX) (if applicable)**

1. Operating rights on all cost points (budget and non-budget) in the Faculty of XXXXXX
2. Approval of small capital works and equipment budgets
3. Risk management of the Faculty of XXXXXX's building(s)
4. Assurance of the levels of service provision by the University's Divisions for Human Resources, Finance and Information Technology to the Faculty

5. Overarching responsibility for the repair and improvement of facilities and buildings
6. Management of the Faculty of XXXXXX's computer user area

**To academic departmental chairpersons**

1. Development of the Department's strategy in synergy with the Faculty's strategy
2. Overarching responsibility for the management of the Department
3. Performance management of staff in the Department
4. Approval of all part-time/temporary service contracts up to and including R150 000 per year
5. Final authority over all cost points (budget and non-budget) in the Department
6. Approval of all spending on the Department's cost point
7. Risk management of those parts of the Faculty of XXXXXX's building that are used by the respective departments

**To directors of research and service-providing centres/institutes of the Faculty of XXXXX (if applicable)**

1. Authority over all cost points (non-budget) in the Centre/Institute
2. Approval of all spending on the Centre/Institute's cost points
3. Risk management of those parts of the Faculty of XXXXXX's building that are used by the Centre/Institute
4. Bursary agreements with students who are covered by the Centre/Institute's money



## **FURTHER SUBDELEGATIONS (LEVEL 4 – 5)**

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## 1. INTRODUCTION

Please see **Addendum 3** in the Rules for Delegation of Powers and Responsibilities, in which the framework for the different levels of delegation are set out in correspondence with the Stellenbosch University (SU) organogram.

This, firstly, has to do with further subdelegation on levels 4 and 5, for example from chief directors and senior directors to directors. In the case of faculties, it refers to delegations from deans to departmental chairpersons, faculty managers and faculty secretaries.

This further subdelegation is environment-specific and therefore differs from responsibility centre to responsibility centre according to the nature and range of powers and responsibilities to be delegated. Consideration of the level of materiality remains an important principle in further delegation.

## 2. FURTHER SUBDELEGATIONS IN SPECIFIC ENVIRONMENTS

### 2.1 Vice-Rector (Teaching)

#### 2.1.1 Registrar

#### 2.1.2 Senior Director: Student and Academic Support

#### 2.1.3 Senior Director: Institutional Research and Planning

If applicable; still to be completed.

### 2.2 Vice-Rector (Research)

#### 2.2.1 Senior Director: Library and Information Service

#### 2.2.2 Senior Director: Research

#### 2.2.3 Director: Postgraduate and International Office

If applicable; still to be completed.

## **2.3 Vice-Rector (Community Interaction and Personnel)**

### **2.3.1 Chief Director: Strategic Initiatives and Human Resources**

### **2.3.2 Senior Director: Community Interaction**

### **2.3.3 Senior Director: Campus Health Services**

### **2.3.4 Director: Maties Sport**

### **2.3.5 Director: Legal Services**

### **2.3.6 Director: SU Museum**

### **2.3.7 Manager: Office for Institutional HIV/Aids Coordination**

If applicable; still to be completed.

## 2.4 Executive Director: Operations and Finance

### 2.4.1 Facilities Management

#### 2.4.1.1 Campus development and transactions involving property

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Constitution of general policy on University development	Facilities Management Advisory Committee, Rector	Executive Committee (Council), SU Council
b.	Purchase and long-term lease of approved strategic immovable property, as contained in the campus master plan, subject to the Higher Education Act	Executive Director: Operations & Finance	Rector, with notice to subsequent Council Meeting
c.	Purchase and long-term lease of other immovable property not indicated on the campus master plan, subject to the Higher Education Act	Facilities Management Advisory Committee, Rector	Executive Committee (Council), SU Council
d.	Disposal of immovable property and unused land	Facilities Management Advisory Committee, Rector	Executive Committee (Council), SU Council
e.	Allocation of money in annual budget to new capital development projects	Facilities Management Advisory Committee, Rector	Executive Committee (Council), SU Council
f.	Physical development plans for the different campuses	Facilities Management Advisory Committee,	Rector
g.	Applications involving rezoning/divergent use and registration of property	Manager: Spatial Management & Development Planning	Director: Planning & Development
h.	Erection of new buildings according to approved development plans and the general policy on University development	Chief Director: Facilities Management	Executive Director: Operations & Finance
i.	Signing of contracts (e.g. building contracts, service contracts, short-term leasing of immovable property) subject to the Higher Education Act	Chief Director: Facilities Management or proxy	Chief Director: Finance, or delegate
j.	Allocation and utilisation of existing spaces and facilities in consultation with the relevant dean or departmental chairperson or head of the support service environment	Manager: Spatial Management & Development Planning	Director: Planning & Development

k.	Disputes around (j)	Chief Director: Facilities Management	Executive Director: Operations & Finance
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## 2.4.1.2 Capital development projects

### 2.4.1.2.1 Strategic

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Prioritisation and approval of projects with a view to inclusion in the annual budget	Chief Director: Facilities Management	Executive Director: Operations & Finance
b.	Prioritisation and programming of projects financed from the budget	Head of Division <sup>1</sup>	Chief Director: Facilities Management
c.	Approval of physical, economic and other investigations related to Facilities Management	Head of Division <sup>1</sup>	Chief Director: Facilities Management
d.	Approval of accommodation schedules and other physical requirements for development projects	Manager: Facilities Planning (Manager: Facilities Management)	Director: Planning & Development
e.	Selection of design scheme and sketch plan for projects, within the bounds of the approved budgets	Manager: Facilities Management	Director: Planning & Development
f.	Appointment of project committees for individual projects	Head of Division <sup>1</sup>	Chief Director: Facilities Management
g.	Deviation from approved spatial and furnishing norms	Director: Planning & Development	Chief Director: Facilities Management

<sup>1</sup> 'Head of Division' signifies the person who reports directly to the Chief Director: Facilities Management.

2.4.1.2.2 Renovation, replacement and development projects from central budget, parking levy funds or own funds above the limit of small capital works according to the SU policy on purchasing and tendering (Projects from own funds have to be approved by the owner of the funds. The Director: Planning & Development has to approve expenditure from parking levy funds.)

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Approval of projects: <ul style="list-style-type: none"> <li>• Small capital works limited to and including R5 million<sup>2</sup></li> <li>• &gt; R5 million</li> </ul>	Head of Division <sup>1</sup> Chief Director: Facilities Management	Chief Director: Facilities Management, Executive Director: Operations and Finance
b.	Approval of project extension and/or additional financing above the approved budget before allocation of the tender, to a maximum of 20% above the value of the project: <ul style="list-style-type: none"> <li>• Small capital works limited to and including R5 million</li> <li>• &gt; R5 million</li> </ul>	Head of Division <sup>1</sup> Chief Director: Facilities Management	Chief Director: Facilities Management, Executive Director: Operations and Finance
c.	Acceptance of lowest acceptable and/or valid tenders, irrespective of the value of the tender, subject to adequate financing and project approval	Head of Division <sup>1</sup>	Chief Director: Facilities Management
d.	Acceptance of tenders in instances where the lowest acceptable and valid tender is not recommended	Chief Director: Facilities Management	Executive Director: Operations and Finance

<sup>1</sup> 'Head of Division' signifies the person who reports directly to the Chief Director: Facilities Management.

<sup>2</sup> The amount is adjusted annually with reference to the building index of the Bureau for Economic Research.

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
e.	Approval of project extension and/or additional financing above the approved budget before tender allocation, by more than 20% above the value of the project: <ul style="list-style-type: none"> <li>• Small capital works limited to and including R5 million</li> <li>• &gt; R5 million</li> </ul>	Head of Division <sup>1</sup> Chief Director: Facilities Management	Chief Director: Facilities Management, Executive Director: Operations and Finance
f.	Instructions for changes or additional expenditure on projects after acceptance of the tender, within project budget	Line functionary <sup>2</sup>	Line head <sup>3</sup>

g.	Instructions for changes that exceed project budget after acceptance of the tender, to a maximum of 20% above the value of the project (Owner of fund to confirm that sufficient funds are available): <ul style="list-style-type: none"> <li>• Small capital works limited to and including R5 million</li> <li>• &gt; R5 million</li> </ul>	Head of Division Chief Director: Facilities Management	Chief Director: Facilities Management, Executive Director: Operations and Finance
h.	Instructions for changes that exceed project budget after acceptance of the tender, more than 20% above project value (Owner of fund to confirm that sufficient funds are available)	Chief Director: Facilities Management, Chief Director: Finance	Executive Director: Operations and Finance
i.	Composition of annual panels for consultants and contractors	Panel and Purchasing Division	Chief Director: Facilities Management
j.	Appointment of consultants	Panel	Chief Director: Facilities Management
k.	Approval of tender lists (list of contractors) for individual projects	Panel	Head of Division

<sup>1</sup> 'Head of Division' signifies the person reporting directly to the Chief Director: Facilities Management.

<sup>2</sup> 'Line functionary' signifies the official entrusted with executing and managing the project.

2.4.1.2.3 Procurement of and decision on tenders and quotes regarding projects with a budget below the limit for small capital works, but in terms of the SU purchasing and tender policies and procedures

	<i>Responsibility</i>	<i>Recommended</i>	<i>Approved</i>
a.	Approval of ordinary project requests	Line functionary <sup>1</sup>	Director: Planning & Development or proxy
b.	Approval of sensitive requests	Small capital works committee	Director: Planning & Development
c.	Approval of over-allowance to a maximum of 10% regarding quotes that exceed the small capital works limit, with the consent of the fund owner	Line head	Director: Planning & Development

<sup>1</sup> 'Line functionary' signifies the official entrusted with the execution and management of the project.

### 2.4.1.3 Human resources

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Proposal/motivation for overtime remuneration	Head of Division	Chief Director: Facilities Management
b.	Standby service	Head of Division	Chief Director: Facilities Management
c.	Job evaluation according to approved staff plan	Head of Division	Chief Director: Facilities Management
d.	Upgrading of post according to approved staff plan	Chief Director: Facilities Management	Human Resources
e.	Temporary appointments within approved budget	Head of Division	Chief Director: Facilities Management
f.	Utilisation of recruitment companies	Chief Director: Facilities Management	Human Resources
g.	Attendance of courses, seminars and conferences (local)	Head of Division	Chief Director: Facilities Management
h.	Overseas visits	Chief Director: Facilities Management	Executive Director: Operations & Finance
i.	Staff plans	Chief Director: Facilities Management	Executive Director: Operations & Finance

#### 2.4.1.4 Expenditure from approved budget and funds from Facilities Management

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Replacement of existing fixed equipment from the reserve fund for the replacement of fixed equipment (B278)	Director: Property Services	Chief Director: Facilities Management
b.	Purchasing of furniture and equipment	Head of Division	Chief Director: Facilities Management
c.	Management of cell phones – cell phone allowance	Head of Division	Chief Director: Facilities Management
d.	Purchasing of computer equipment	Head of Division	Chief Director: Facilities Management
e.	Replacement of existing vehicles according to planning	Head of Division	Chief Director: Facilities Management
f.	Purchasing of new vehicles according to planning	Head of Division	Chief Director: Facilities Management
g.	Utilisation of sale-of-building-materials fund	Line head	Head of Division
h.	Utilisation of reserve fund R5824 of Facilities Management	Director: Planning & Development	Chief Director: Facilities Management
i.	Utilisation of reserve funds in capital budget (V2133)	Director: Planning & Development	Chief Director: Facilities Management
j.	Utilisation of funds in account R045 SU leased houses	Manager: Spatial Management & Development Planning, and Line head	Head of Division
k.	Expenditure from parking levy funds	Director: Planning & Development	Chief Director: Facilities Management
l.	Utilisation of operating budget not mentioned above	Line head	Head of Division

#### 2.4.1.5 General

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Removal of trees (after appropriate consultation) during construction of capital projects	Director: Facilities Services	Chief Director: Facilities Management
b.	Utilisation of SU facilities and open spaces	As per policy document	Director: Facilities Services

## 2.4.2 Finance

### 2.4.2.1 Financial policy

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Instituting and updating of SU financial policy	Chief Director: Finance	Finance Committee, Rector's Management Team, Audit and Risk Committee
b.	Deviations from the financial policy	Head of Division	Director: Financial Planning and Asset Management

### 2.4.2.2 Expenditure from approved budget and funds from Finance

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Allocation of money within annual operating budget	Chief Director: Finance	Executive Director: Operations & Finance
b.	Purchasing of furniture and equipment	Head of Division	Director: Financial Planning and Asset Management
c.	Cell phone allowances	Head of Division	Director: Financial Planning and Asset Management
d.	Purchasing of computer equipment	Head of Division	Director: Financial Planning and Asset Management
e.	Replacement of existing vehicles	Head of Division	Director: Financial Planning and Asset Management
f.	Purchasing of new vehicles	Head of Division	Director: Financial Planning and Asset Management
g.	Utilisation of operating budget not mentioned above	Head of Division	Director: Financial Planning and Asset Management

### 2.4.2.3 Signing powers

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Signing of contracts, including research contracts. The policy on signing research contracts is available from the Division for Research Development.	Legal services, applicant, Division for Purchasing and Provision Services	Chief Director: Finance or delegate in terms of delegated approval by SU Council
b.	Determining persons authorised to sign cheques and letters of credit, and approval of electronic payments	Director: Financial Planning and Asset Management	Delegate in terms of delegated approval by SU Council

### 2.4.2.4 Human Resources

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Proposal/motivation for overtime remuneration	Head of Division	Director: Financial Planning and Asset Management
b.	Post evaluation according to approved staff plan	Head of Division	Director: Financial Planning and Asset Management
c.	Post upgrading according to approved staff plan	Director: Financial Planning and Asset Management	Chief Director: Human Resources
d.	Temporary appointments within approved budget	Head of Division	Director: Financial Planning and Asset Management
e.	Attendance of courses, seminars and conferences (local)	Head of Division	Director: Financial Planning and Asset Management
f.	Overseas visits	Chief Director: Finance	Executive Director: Operations & Finance
g.	Staff plans	Chief Director: Finance	Executive Director: Operations & Finance

### 2.4.2.5 Financial operating system

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	New financial operating system	Chief Director: Finance	Finance Committee, Rector's Management Team
b.	Expansion of existing programmes and/or new operating developments within the present operating system	Deputy Director: Financial and Management systems	Director: Financial Planning and Asset Management
c.	Security authorisation and profile amendments	Head of Environment	Deputy Director: Financial and Management systems

### 2.4.2.6 Financial governance

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Allocation of facilities	Head of Responsibility Centre	Director: Financial Planning and Asset Management
b.	Creation and closure of cost points, with correct allocation of attributes, e.g. value added tax (VAT), levies, interest, account numbers and consolidation	Head of Environment	Deputy Director: Financial and Management systems

### 2.4.2.7 General

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Approval of investigations related to finance	Head of Division	Chief Director: Finance
b.	Currency futures	Director: Purchasing and Provision Services	Director: Financial Planning and Asset Management
c.	Introduction and operation of financial levies	Chief Director: Finance	Finance Committee

### 2.4.2.8 Purchasing and Provision Services/Vehicle fleet

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Approval of Tender Committee	Director: Purchasing and Provision Services	Chief Director: Finance
b.	Approval of tender documents	Director: Purchasing and Provision Services	Chief Director: Finance
c.	Approval for inclusion of supplier in SU list of suppliers	Buyer	Director: Purchasing and Provision Services
d.	Record keeping of surpluses and shortages in stock stores	Director: Purchasing and Provision Services	Director: Financial Services
e.	Donations from second-hand store	Director: Purchasing and Provision Services	Director: Financial Planning and Asset Management

### 2.4.2.9 Financial Services

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Creation of cost points	Applicant	Director: Financial Services or delegate
b.	Approval of new petty cash	Environment and Faculty accountant	Director: Financial Services
c.	Paying of deposits	Applicant	Director: Financial Services
d.	Purchasing of gifts	Applicant	Director: Financial Planning and Asset Management
e.	Approval of repayments to deans	Environment and Faculty accountant	Director: Financial Planning and Asset Management
f.	Signing of financial statements, excepting the consolidated financial statements of the University, annual financial statements of external entities and specific environments in which other rules prevail (centres of excellence, for instance)	Drafter of report	Director: Financial Services
g.	Earlier than normal term payment of suppliers	Petitioner	Director: Financial Services

### 2.4.2.10 Financial and Management systems

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Closure of cost points	Applicant	Deputy Director: Financial and Management Systems

### 2.4.2.11 Student fees and debtors

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Repayment of credit on debtor's account	Head: Debtors	Deputy Director: Student Fees and Debtors
b.	Approval of writing off bad debt – debtors	Deputy Director: Student Fees and Debtors	Director: Financial Planning and Asset Management
c.	Approval of writing off bad debt – student fees and loans	Deputy Director: Student Fees and Debtors	Director: Financial Planning and Asset Management
d.	Approval of handing over outstanding debtors to attorneys – debtors, student fees and loans	Head: Debtors	Deputy Director: Student Fees and Debtors
e.	Consenting to provisional registration of students with outstanding debt	Applicant	Deputy Director: Student Fees and Debtors

### 2.4.2.12 Financial Planning and Asset Management

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Stopping and re-issuing of cheques	Applicant	Director: Financial Services
b.	Issuing of credit cards	Head of Applicant's Centre of Responsibility	Chief Director: Finance and Director: Financial Planning and Asset Management
c.	Access to credit card machine facilities	Applicant	Director: Financial Planning and Asset Management
d.	Opening of new bank accounts	Applicant	Chief Director: Finance, and Director: Financial Planning and Asset Management

### 2.4.2.13 Tax liabilities and statutory levies

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	VAT	Director: Purchasing and Provision Services	Director: Purchasing and Provision Services
b.	Employee Tax	Head: Remuneration	Head: Remunera- tion

### 2.4.2.14 Commercial Services

<i>Responsibility</i>		<i>Recommended</i>	<i>Approved</i>
a.	Recommendation of annual increase in residential fees	Director: Commercial Services	Student Accommo- dation Committee, Finance Committee, Rector's Management Team
b.	Allocation of money in annual operating budgets of respective environments	Financial Manager: Commercial Services	Director: Commercial Services
c.	Purchasing of furniture and equipment	Head of Division	Financial Manager: Commercial Services
d.	Cell phone allowances	Head of Division	Director: Commercial Services
e.	Purchasing of computer equipment	Head of Division	Financial Manager: Commercial Services
f.	Incurring larger capital expenditure	Head of Division	Director: Commercial Services
g.	Incurring lesser capital expenditure	Head of Division	Financial Manager: Commercial Services
h.	Rental of immovable property in terms of the accommodation business plan (in consultation with Facilities Management)	Director: Commercial Services	Chief Director: Finance or delegate
i.	Approval of suppliers of copying services	Head of Division	Director: Purchasing and Provision Services
j.	Tariffs for outside use of facilities (hostels, houses, flats) and tariffs for respective services	Head of Division	Financial Manager: Commercial Services
k.	Expenditure within normal approved operating budget		Head of Division
l.	Utilisation of operating budget not mentioned above	Head of Division	Financial Manager: Commercial Services
m.	Offer to lease (consistently subject to final approval by executive management)	Head of Division	Director: Commercial

			Services
n.	New lease contracts > 6 months	Head of Division	Chief Director: Finance
o.	Temporary lease contracts < 6 months	Head of Division	Chief Director: Finance
p.	Arrangements with tenants for paying off outstanding moneys	Head of Division	Director: Commercial Services
q.	Debentures (pre-approved legal document) for debt exceeding 60 days	Head of Division	Director: Commercial Services
r.	Handing over of tenants for further legal action (breach of contract)	Head of Division	Director: Commercial Services
s.	Amendments to lease contracts regarding authorised sale of products	Head of Division	Director: Commercial Services
t.	Any other amendments to lease contracts	Head of Division	Chief Director: Finance
u.	Refurbishment of premises	Head of Division	Director: Commercial Services
v.	Fixing of leasing tariffs	Head of Division	Director: Commercial Services
w.	Writing off of bad tenant debt	Head of Division	Director: Commercial Services
x.	Approval of suppliers of coin vending machines	Head of Division	Director: Commercial Services

### **2.4.3 Information Technology**

### **2.4.4 InnovUS**

### **2.4.5 Telematic Services**

If applicable; still to be completed.

## **2.5 Chief Director: Strategic Initiatives**

If applicable; still to be completed.

## **2.6 Deans**

If applicable; still to be completed.



## **SCHEDULE OF SIGNING POWERS**

DESCRIPTION	AUTHORISATION HIERARCHY	LIMITS
Litigation	That one functionary from Group A (Rector or Executive Director: Operations & Finance) together with one functionary from Group B (Executive Director: Finance or Director: Financial Planning & Asset Management) is authorised to sign any documents on behalf of Stellenbosch University to authorise any litigation in any court on behalf of and/or in favour of Stellenbosch University.	No amounts are applicable here
Disposal of immovable property (also subject to ministerial approval in terms of Section 20 of the Higher Education Act, Act No 101 of 1997)	Rector and Executive Director: Finance, subject to Council decision in terms of Sections 20 and 40 of the Higher Education Act, Act No 101 of 1997	No limits are applied and there are no statutory requirements
Construction, purchase or long-term lease of immovable property (also subject to ministerial approval in terms of Section 40 of the Higher Education Act, Act No 101 of 1997)	Rector and Executive Director: Finance, subject to Council decision in terms of Section 40 of the Higher Education Act, Act No 101 of 1997	No limits are applied, but it is subject to ministerial approval if the value of the construction, acquisition or long-term lease amounts to more than 5% of the average income for the past two years
Agreement in relation to the erection of buildings (including appointment of building contractors, architects, consultants, etc.)	Executive Director: Operations and Finance and Executive Director: Finance	No limits are applied
Subcontracts in relation to the erection of buildings and site work	Executive Director: Operations and Finance and Executive Director: Finance	No limits are applied

DESCRIPTION	AUTHORISATION HIERARCHY	LIMITS
Agreements in relation to the negotiation of loans and banking facilities (also subject to ministerial approval in terms of Section 40 of the Higher Education Act, Act No 101 of 1997)	Executive Director: Finance, subject to Council decision in terms of Section 40 of the Higher Education Act, Act No 101 of 1997	No limits are applied, but this is subject to ministerial approval if the value of the loan and/or banking facility plus the current value of short- and long-term obligations amounts to more than 5% of the average income for the previous two years.
Disposal of shares, debentures, etc.	Executive Director: Operations and Finance and Executive Director: Finance	No limits are applied
Purchase of shares, debentures, etc., and investment/re-investment of University funds	Executive Director: Operations and Finance and Executive Director: Finance	No limits are applied
Leases	Executive Director: Finance or delegate	No limits are applied
Agreements in relation to the maintenance of buildings	Executive Director: Finance	No limits are applied
Agreements in relation to the maintenance of equipment	Executive Director: Finance	No limits are applied
Formal contract with suppliers and other institutions for the supply of equipment, services, requirements, etc.	Executive Director: Finance or delegate	No limits are applied

<b>DESCRIPTION</b>	<b>AUTHORISATION HIERARCHY</b>	<b>LIMITS</b>
Other (e.g. contracts in relation to Patent Law)	Executive Director: Operations and Finance and Executive Director: Finance	No limits are applied
Approval of cheques and electronic payments/ transfers from the accounts of Stellenbosch University	Payments should always be approved by two authorised persons, as per the approved list of names, and at least one of the persons who approve the payment shall be within the category Group A (or primary proxy)	Any single payment that exceeds an amount of R5 million should be approved by the Chief Director: Finance, and the Director: Financial Planning and Asset Management or delegate
Approval of any documents with regard to the University's banking services	Executive Director: Operations and Finance; Executive Director: Finance; and Director: Financial Planning and Asset Management	No limits are applied

With regard to signing rights for research contracts, the following apply:

<b>DESCRIPTION</b>	<b>AUTHORISATION HIERARCHY</b>	<b>LIMITS</b>
Research and research-related contracts	Deans	≤ R500,000
	For the following faculties, contracts ≤ R150,000 are delegated to the Departmental Chairpersons and Directors of Institutes: <ul style="list-style-type: none"> <li>• Faculty of Engineering</li> <li>• Faculty of Science</li> <li>• Faculty of AgriSciences</li> </ul>	≤ R150,000
	Vice-Rector: Research	> R500,000

# **SD 3**

Principles of  
Financial Management

**STELLENBOSCH UNIVERSITY**  
**PRINCIPLES OF FINANCIAL MANAGEMENT**  
As originally accepted by the SU Council on 19 May 2003 and amended by the  
RMT on 25 November 2005, following on recommendations by the Finance  
Committee

[Translated from the original (Afrikaans) version]

## **BACKGROUND TO THE FORMULATION OF THE PRINCIPLES OF FINANCIAL MANAGEMENT**

### **Financial management as a strategic instrument**

Stellenbosch University (SU) is a higher education institution that creates, stores, transfers and applies knowledge. This entails the creative development, combination and application of expertise to the benefit of the community, individuals and the business community. Financing takes place by means of: services that are “bought” by the government and that represent taxpayers’ money; income that is earned for services that are paid for by individuals and companies; and donations. The width and depth of knowledge, in combination with support services of a good quality, are the drivers of competitiveness. Competition comes from public and private education institutions and the large (often multinational) companies and is increasingly *not* bound by place. Within the framework of generally accepted accounting practice, the principles of good governance, SU’s Strategic Framework and Vision 2012, financial management serves effectiveness and efficiency and the promotion of competitiveness. Financial management is a key instrument of change in the pursuance of the University’s strategic objectives and serves in the constant weighing up of strategic and financial factors mutually influencing one another.

### **Realities and perceptions**

A number of realities and perceptions give shape to the manner in which SU manages its finances:

1. SU’s relevance is determined by the way in which it fulfils the needs of the community for “collective” higher education products that are not tradeable in the knowledge market as “private” products. However, relevance is increasingly also determined by the marketability of saleable products in a competitive market. For this reason, SU continuously strives to be a first-choice knowledge partner.
2. In certain circles, it is felt that SU is a university in possession of such means that should enable it to depend less on government funds than in the past.
3. According to the discussion document of the Department of Education, titled “Funding for Public Higher Education”, government funds are meant to be payments to institutions for the provision of educational and research-related services within plans that have been approved by the Minister of Education. It appears that the emphasis in the access to and financing of higher education institutions has shifted from a student demand-driven scheme to a centrally managed process.
4. Access to government funds largely depends on the extent, composition and through-flow rate of the student corps (teaching), but also increasingly on

research performance and the contribution made to the development of people from previously disadvantaged environments. Donor funds are increasingly being limited to contract research or being subjected to earmarking, while the contribution that is made to the development of people from previously disadvantaged environments figures more and more strongly.

5. An increasing portion of the current and potential client corps cannot afford higher education.
6. High-level expertise and creative thinking are key inputs in the production process and, at the same time, highly marketable to the outside world in a research, production and consultative context. However, it is necessary to take into account the large differences between disciplines and environments.
7. The nature and cost of the teaching and research process differ across the University between the different academic fields of study.
8. The education market is relentless in its evaluation of the University on the basis of the norms of good governance, generally accepted accounting practice and the quality of products.
9. Over the past 10 years (1995 to 2004), the budget of SU<sup>1</sup> has increased by 0,43 percent per year in real terms in relation to the FTEstudents<sup>2</sup>. During this period, the class fees at SU (per FTE student) increased by 2,22 per cent per year in real terms. This was largely the result of a real decrease of 0,98 per cent per year in the government subsidy per FTE student.
10. The strategic priorities and focuses of SU make new demands on the acquisition and application of financial resources.

## **PRINCIPLES OF FINANCIAL MANAGEMENT**

The principles of financial management are linked to SU's general management principles. Of these principles, the following justify special mention:

1. The budget is a central instrument in change management. The budget process must help to realise the priorities of change.
2. The University is managed as a whole: holistic, systemic.
3. There are subdivisions in the whole, and each subdivision is also managed in accordance with the same principles as those of the whole.
4. The interests of the whole weigh heavier than the self-interest of any subdivision thereof (and, similarly, recursively, further down in the system).
5. The management of a subdivision is linked to decision-making competence, as well as with the associated responsibility to manage the subdivision to the benefit of the whole. Decision-making competence that is decentralised to a greater extent involves the management of a budget and should bring about greater operational and cost-effectiveness.

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<sup>1</sup> The budget has a bearing on income from study fees and government money.

<sup>2</sup> Full-time equivalent students.

Four categories of financial principles are distinguished:

### **I. The nature of SU and its financial management**

1. The core business of SU entails the provision of academic knowledge services for which clients pay individually and collectively (as government).
2. The handling of public (tax payers') money, as well as the money from individuals, business undertakings and sponsors, places a duty of care on the University that is fulfilled by means of responsible financial management.
3. Any competitive advantages that SU has as an academic institution and which lend themselves to profitable business activities are utilised as such. Profitability in itself is not the only reason why SU undertakes something.
4. When activities are organised on a commercial or profit-making basis, they are carried out in such a manner that SU is protected against losses in accordance with the risk profile approved by the Council.
5. Good financial management is one of the instruments used to promote the domestic and international competitiveness of SU.
6. Sound business principles are applied in the execution of the financial function.
7. The acquisition and application of money and fixed assets take place in accordance with the principles of good governance and generally accepted accounting practice.
8. Decentralised financial management is necessary for the promotion of entrepreneurial behaviour and for increased efficiency. Decisions must be made at the lowest possible level. The necessary requirements are a clear policy (the essential elements of which are contained in the Financial Policy), objectives against which performance can be measured and the delegation of the necessary responsibility and authority.
9. At each level of financial management, the interests of the whole weigh heavier than the interests of the subdivisions.
10. Policy making and decision making by, and pronouncements on, the University take place with due consideration for the financial implications and financial policy.

### **II. Budget**

11. Finances are managed in terms of one integrated budget with regard to the different income streams listed in principle 17, but with the necessary provision being made for the separate handling of distinguishable elements (for example, contract research and residences).
12. The budget is a central instrument for the management of strategy and change and requires a zero-base approach.
13. Budgets are developed within a long-term financial plan, based on an SU business plan and plans of divisions within the University.
14. Instances in which the budget is exceeded are dealt with according to clear procedures that are compiled and applied by the Division of Finance.

15. Unspent funds are carried forward to the next financial year, subject to conditions that are approved by SU management and that fit into the strategic plans of SU and the division concerned.

### III. Acquisition and application of money

16. The current income of the University consists of: money received from the government and from public entities (first income stream); study and residence fees (second income stream); and sponsorships, donations, contract research income, returns on assets (interest, rent, dividends, etc.), the sale of services and products and other commercialisation activities (third income stream).
17. Money flows into the University in various ways and its application is generally handled as follows:
- 17.1 government money (“government transfers”; previously “subsidies”) determined by means of a formula: the formula according to which the amount is generated does not in this case determine its application, except insofar as it is reflected in the norms for the apportionment of budget money (see principle 18);
  - 17.2 study fees: the way in which these are generated does not directly determine their application, except insofar as they are reflected in the norms for the apportionment of budget money (see principle 18);
  - 17.3 government money earmarked for specific objectives is applied for those objectives (this includes money from statutory bodies promoting research and from comparable bodies);
  - 17.4 money brought in through contract research is applied for that purpose;
  - 17.5 money coming in through sponsorships and donations, the sale of services and products and other commercialisation activities are applied for the intended purpose. If there is a risk attached to the activity, the University and person who took the initiative negotiate the profit- and risk-sharing beforehand, thereby encouraging entrepreneurial activity. The University’s profit is applied in pursuance of the University’s goals in general;
  - 17.6 in the case of 17.3 and 17.4: where permitted, a portion of the money is, in accordance with University policy prevailing at that time, applied for the general costs of contract handling by the University.
18. The provision of services to knowledge partners in the private sector takes place on the basis of full cost recovery.
19. As a whole, the application of funds takes place within an integrated budget and on a transparent basis. When an agreement has been entered into with an external party or when an application has been linked to a previously determined basis for earning the money, funds are applied as agreed. In order to achieve long-term financial sustainability, funds are preferably applied where they will earn sufficient income to justify expenditure. The manner in which money flows into the University does not, however, necessarily determine its application, since the University may also apply funds to serve long-term strategic objectives, even where this does not earn sufficient income.
20. Academic entrepreneurship is encouraged by suitably rewarding individuals (in the academic and support services environments) and by allowing them to share in the surpluses that arise, on the understanding that the costs are properly, but

without double counting, imputed to such activity and that SU shares in the surpluses in accordance with its capital contribution.

21. Financial and other incentives to effect cost savings are applied in a controlled manner and are subject to the approval of SU management.
22. The inventors (either personnel or students) and owner (SU) of intellectual property (IP) both share in income earned by the utilisation of IP. In the case of IP licensing agreements, recognition is given to the contribution of the inventor in that royalties are divided in accordance with the prevailing division formula of the Policy on the Exploitation of Intellectual Property. In the case of spin-off companies, recognition is given to personnel or student contribution towards intellectual capital (excluding formal IP) in the establishment of companies in that they obtain shareholding in the companies.
23. Acknowledgement of financial returns on intellectual capital takes place by means of the payment of a portion of royalties to the personnel concerned in accordance with the prevailing division formula of the Policy on the Exploitation of Intellectual Property.
24. The acquisition and application of money and fixed assets takes place in accordance with the norms that serve the strategic objectives and the requirements of affordability, efficiency and excellent service provision.
25. The acquisition and application of money takes place in terms of one consolidated income pool. The prior earmarking of money is avoided, unless if directives by the external funding party offer no other choice and if monies are apportioned on the basis of principle 19. Such prior earmarking must be distinguished from allocations to specific environments and earmarking within the context of the annual budget.
26. In the use of money, overheads (direct and indirect) are limited to the minimum.
27. Virement (the transfer of money from one cost point to another within the budget of a financial manager) can be approved by the financial manager concerned, subject to the conditions that are laid down by SU management.
28. The transfer of funds from one area of responsibility to another requires the approval of a higher authority.
29. Any new need for expenditure that arises in the course of the financial year can be accommodated by the responsibility manager concerned by a re-allocation of funds within the budget concerned, taking into account the prevailing conditions determined by SU management. If this is not possible, the expenditure need remains pending until such time that other funds become available.

#### **IV. Management responsibilities**

30. The responsibility for obtaining and allocating money and fixed assets, and supervision of these, resides in the Rector, who delegates the executive powers to the chief executive officials (responsibility centre managers) concerned in accordance with their functions. Delegations, rights of disposal and signing power are arranged in full and unambiguously and recorded in writing.
31. Financial managers exercise discretion over budgeted money and the utilisation of equipment and fixed assets by delegation, are subject to proper performance

evaluation and reporting, and are accountable for the use of money, equipment and fixed assets and the achievement of objectives.

32. The execution of management responsibilities is supported by the establishment and maintenance of effective accounting systems and a management information system according to which credible and evaluated data are made available timeously.
33. Financial management includes proper risk management, taking into account the risk profile approved by the Council.
34. The handling of financial crises is an operational management responsibility, with the Council that can take steps when certain predetermined precautionary thresholds are crossed. When financial crises necessitate cutbacks, the preferred order is as follows: utilisation of favourable cash flow, utilisation of balance funds, cutting of operating expenditure, not filling posts, postponement of capital expenditure, abolishment of vacant posts, monetisation of assets and the reduction of personnel.
35. Decision making on money takes place within as well as across line management responsibilities, but the responsibility for the management of money falls within the line context.
36. The measurement of the financial balance (the difference between income and expenditure) with regard to activities and divisions is a standard practice.
37. Financial balances can be positive or negative and, together with performance in terms of the core business and strategic objectives of SU, form the basis for the evaluation of the viability of activities and divisions.
38. The contracting of all services (including audit services) takes place in a transparent manner and, where applicable, on the basis of tenders.
39. The ED:F carries out his/her duties within the policy framework of the SU Council and the decision-making framework of SU management.
40. The Division of Finance is ultimately responsible for the control of all financial activities of SU (including its business activities), for the purposes of which standardised financial regulations are compiled and applied.
41. The Division of Finance executes its functions in a culture of providing service to the clients of and the divisions within SU.

## **EXECUTIVE DIRECTOR: FINANCE**

First version approved by SU Council on 26 May 2003

Amendments approved by RMT on 25 November 2005, following on recommendations by the Finance Committee

# SD 4

Support Agreements



UNIVERSITEIT • STELLENBOSCH • UNIVERSITY  
jou kennisvennoot • your knowledge partner

# SUPPORT AGREEMENT

FACULTY

## 1. CONTEXT

As support service environment, Finance Division wants to establish a responsible framework where activities could be completed without difficulty, and quality and skills could be insured.

The document expresses the process followed with the drafting of the support agreement as well as the procedure put in place with regard to negotiations with the client and monitoring mechanisms for the duration of the agreement.

## 2. GUIDELINES FOR THE CLOSING OF THE SUPPORT AGREEMENT

The guideline for the closing of the support agreement is that it has to contain specific and measurable information with regard to services rendered. It also provides the specific support expectations for each service rendered. The element, against which the support service is measured, is clearly indicated in the agreement.

Against the above-mentioned background, Finance Division formulates the support service concluded with internal clients as follows:

- A contract between the parties where the service provider has to provide a specified quality service to comply with the expectations of the client.
- An agreement occurs between the parties that have to lead to a long-term relation based on clear realistic agreed goals.

### 3. GOALS

The following goals are set:

- **Services:** Define services that add value.
- **Level:** Specify the level of services as agreed.
- **Performance impediments:** Identify and address performance impediments previously known.
- **Procedure:** Determine procedure during default or non-compliance of the agreement.

### 4. FINANCE FOCUS AREAS AND SERVICES

The core role of Finance Division is to support SU in pursuance of the institutional goals, by ensuring the necessary services and information is provided. It decidedly supports the University's strategic priorities to increase its impact on society and to retain its momentum of excellence.

With the premise that the core activities of SU are education and learning, community interaction and research, the pursuance of strategic goals in a financially sustainable manner requires good planning and solid interaction between the centralised and decentralised financial activities.

These functions are currently managed as follows within the respective Finance Divisions and finalised in accordance with SU's accepted financial and management principles and include:

- Day to day financial operational transactions
- Financial planning and budget
- Financial reporting
- Acquisition services
- Management of student fees and loans
- Financial management of all SU Assets
- Control the implementation of the Mobility Plan
- Investigations, advice and organising of commercial activities on campus

## **4.1 FINANCE DIVISION:**

### **4.1.1 Financial Planning and Asset Management**

- Institutional planning with regard to the budget and budgeting process according to SU's approved budget methodology
- Financial management and administration of assets
- Management of all SU assets
- Management of SU insurance portfolio
- Financial management of SU utility services and leasing
- Administration of long-term and internal loans
- Management of SU bank accounts and funds
- Financial management of Facilities Management and Information Technology
- Financial administration: Remuneration

### **4.1.2 Financial Services**

- Financial administration and policy enforcement
- Compilation of financial statements
- Financial reporting
- Sundry payments
- Financial administration of foreign payments
- Financial administration: Medicine and Health Sciences
- Financial administration: USB

### **4.1.3 Student Finances and Debtors**

- Student fees budget and reporting on deviations
- Student fees administration and accounts
- Administration of student loans
- Financial administration with regard to debtors' income and invoicing
- Access control (Faculty Medicine and Health Sciences)
- Cashiers

### **4.1.4 Financial and Management Systems and Creditors**

#### **Financial and Management Systems**

- Maintenance and renewal of the internal financial operating system (Tera Term)
- Financial administration of code creation, maintenance of structures and consolidations
- Maintenance of system securities and access and profile setup
- Debugging and commitment cancellations

- System training and facilitation

#### **Creditors**

- Financial administration of creditors' processes and payments

#### **4.1.5 Purchases and Supply Services**

##### **Purchases**

- Management of purchases and tender processes
- Preference Providers
- Clearance documentation management with regard to foreign orders
- Supply stores
- Moving, deliveries and second-hand store

##### **Transport Services**

- Make provision for SU essential transport needs
- Management of SU Mobility Plan
- Overall fleet management
- Vehicle financing to staff

**NB:** *In order to execute these functions, also listed in detail within the activities annexure, as effectively as possible and to reach the settling dates, it is of vital importance that documentation and requests demanded by the client, whether payments, cheques, journals, etc., have to comply with requirements as set within the financial policy and procedure.*

## **4.2 COMMERCIAL SERVICES**

Commercial Services has found its origin in the need of Stellenbosch University (SU) to cut running costs. Services Divisions that could be viably operated are commercialised in due course and placed under management of Commercial Services (CS). All divisions of CS are totally independent and do not receive financial aid from SU.

The following divisions are merely identified for the sake of completeness:

- Housing services
- Leasing office (Residential, visitors and commercial)
- Maties Copy and Print
- Matie Shop
- Maties Milk

- Botanical Garden

CS collectively strive to provide an expansive, supporting service of excellence in cost effective ways to SU, its students and staff, as well as the public and outside authorities.

Faculties and authorities who identify a commercial opportunity can make contact with CS.

## 5. SERVICE PROVIDING TIMES

Service providing times are Mondays to Fridays from 08:00 to 16:30.

Although flexion time as agreed upon within Finance is allowed from 07:30 – 16:00 or 08:30 – 17:00, a functional person ought to always be available for duty in the different divisions from 08:00 to 16:30.

Within the activity's annexure, one working day refers to a business day and one week to a business week (5 working days).

## 6. PERFORMANCE NEEDS AND POSSIBLE OBSTACLES

Scope is permitted within which a client is allowed the opportunity to identify certain aspects, facets and/or needs or to bring to the notice of Finance such consideration at the time of the settlement.

- Discourse can be initiated and/or;
- Considerations can be submitted to the Chief Director Finance in writing.

## 7. EVALUATION METHODS

Finances are putting the following methods into execution for evaluation of their internal services:

- A short evaluation questionnaire to be completed by the internal client.

## 8. NON-COMPLIANCE OF THE AGREEMENT

It is the intention of both parties to promote the support agreement and facilitate to increase the output of quality services to the University's benefit. Non-compliance of the agreement has to be reported timely to the Chief Director Finance for further managerial finalisation.

## 9. OUTCOME OF SUPPORT AGREEMENT DISCUSSIONS

In the period between October 2016 and February 2017, Division Finance held individual support agreement discussions with each of the deans and faculty managers. The goal of these discussions was to establish a two-way communication channel where both the Division and the client felt comfortable discussing support agreement concerns and requests. The concerns were varied between the faculties and strategic as well as operational aspects were highlighted.

A work session was held on 6 March 2017 with the Divisional Heads of Finance. Whilst the majority of the operational requirements will be addressed through the various line management functions, the following global concerns will form part of the Division's internal strategic and operation alignment. The Division will undergo a quality audit in 2018 and undertakes to review the aspects that came to light during the discussions when holistically looking at its operations.

	<b>IDENTIFIED REQUIREMENT</b>	<b>ACTION</b>
1.	What is the strategy for implementing the support agreement?	<p>With reference to the 2018 quality audit, Finance undertakes to revisit support processes and then align to SU and Divisional strategy. Capacity constraints are being managed through the environment plan and where possible work division will be reassessed to alleviate bottlenecks.</p> <p>A standing item on the agenda of all divisional meetings is the vesting of a professional service delivery culture that forms the basis of the support environment that Finance strives to be.</p> <p>Turnaround times will be monitored and where unrealistic expectations have been created it will be communicated timeously.</p>

2.	A guide for deans and chairman with regard to their financial roles.	<p>The Division does not find itself positioned to dictate which items can be included in the KPI's of Deans and Chairmen.</p> <p>We will however liaise with HR to find touch points for inclusion in the manager induction program.</p>
3.	Furniture acquisitions and the underlying support processes with regard to obtaining quotes and the prescription and application thereof.	This point has been investigated and corrected by the Director: Procurement and Provisioning.
4.	Accountants are knowledgeable support personnel with which relationships are built. Regular shuffling is disruptive and the relevant faculty knowledge has to be built up again.	Faculty accountants are by necessity required to move to ensure a fair distribution of work. Where this occurs in future, the affected parties will be consulted beforehand so that communication and change management can be done timeously.
5.	Proactive strategic support and sufficient management information to timely anticipate deviations on budget goals.	This point is fully addressed in the budget planning process and supported by way of the "dashboard" as designed by the IRP.
6.	IDU: Challenges surrounding third stream income and salary budgets.	Will be addressed throughout the budget discussions.
7.	Revisiting policies in an objective manner to assure relevance and then align to changed requirements for third stream income processes that may be delayed due to unnecessarily onerous policies.	<p>The primary goal of the financial policy is to ensure that all transactions adhere to SU's requirements of internal control, financial responsibility and the management of the underlying risks and compliance with legal and financial requirements as determined by the laws of South Africa, Receiver of Revenue and any other institution that provides funds to the University.</p> <p>The policy is revised regularly to ensure compliance with laws and regulations, good corporate governance, relevance with regard to financial landscape and practicality. Any revisions to the policy is presented to the Finance Committee for recommendation to the RMT for approval. These revisions are also reviewed by the internal auditors and reported to the Audit and Risk</p>

		Committee. It is then recommended to the SU Council. Finance will however take under advisement any procedures that may have become redundant over time and will re-evaluate it on its merits.
8.	Requirements due to limitations identified in light of gaps in the current operational system.	The identified requirements will be investigated and prioritised within the systems renewal framework. Existing challenges will be managed within the operational management function.
9.	Communication not timeous and web presence outdated.	The project to renew the webpage is currently underway and aims to present a more modern and practical approach with data represented by function as opposed to a departmental allocation of functions. It is understood that this grouping will be more user friendly and remove the siloed approach. The website will be hosted on a more accessible SharePoint platform that will enable the Division to be more interactive. A task team has been identified to facilitate the project.

## 9. SIGNING

I am familiar with the content of the Support Agreement and the processes as stipulated in the activity list (Annexure A). With this, the outcome of the negotiations is accepted.

\_\_\_\_\_  
SERVICE PROVIDER

\_\_\_\_\_  
CLIENT

\_\_\_\_\_  
DATE

ANNEXURE A

Internal services and processes provided by Finance Division.

RESPONSIBLE DIVISION	ACTIVITY	TASK	MEASUREMENT	GOAL
Director: Financial Planning and Asset Management	Year-end process	Timely communication and set of realistic dates concerning the process with regard to the finalisation of statements, interest runs, availability of funds etc.	Realistic dates communicated timely	Effective cost point management
Financial Planning and Asset Management				
	Budget process	Administration of budget process	Timely communication regarding the overheads apportionment model	Client survey
			Timely delivery of budget variance reports within agreed period	Completed within the first week of the relevant budget year
			Budgets of academic as well as non-academic environments have to be loaded onto the system within the first week of the new financial year	No critical findings as per client evaluation report
	General Administration	Enquiries and assistance during venue certification	Immediate handling from when request is received or as agreed with client	Effective administration and management of movable asset register
	Secretarial functions	Provide secretarial function to the Stellenbosch Trust and the Het Jan Marais Funds	Timely scheduling of meetings and compiling and distribution of agenda and minutes	Provide effective secretarial function
	Financial administration	Monthly interest runs to apportion short term interest to cost points	Monthly interest runs finalised by the 15 <sup>th</sup> of the following month	Timely allocation of monthly interest
		Inclusion of funds in the SU Pool of Investment on instruction of departments	Timely inclusion of funds in pool of investment	Effective management of SU pool of investment

Financial statements	Preparation of financial statements of Stellenbosch Trust	Statements have to be delivered timely	Timely reporting
	Preparation of financial statements of Faculty of Law Trust	Statements have to be delivered timely	Timely reporting
Manage Funds	Bank reconciliations	Finalisation before monthly submission to DF	Check accuracy and timely preparation of bank reconciliations
	Bank reconciliations: electronic payments	Within one day after documentation has been received	Availability of funds in cost point
	Enquiries	Immediately/Timely	Effective departmental control
	Trace unidentified electronic payments	Immediately/Timely	Effective departmental control
	Enquiries on cashed cheques	Immediately/Timely	Control on cheques not cashed for reissue
	Transfer of funds	Immediately/Timely	Effective financial control
	Credit card transactions	Within two days after documentation has been received	Availability of funds in cost point
	Interest administration	Within 10 working days after month end, only for structures that are closed	Accurate management of internal interest apportionment per month
	Confirmation of cheques issued	Immediately/Timely	Prevention of fraud
	Confirmation of cheques cashed & stopped payments	Immediately/Timely	Control with regard to possible double payments
	Follow-up of unidentified deposits	Monthly with exception is amount is larger than R50 000.00	Availability of funds in cost point
	Transfer of funds	Immediately/Timely	Availability of funds in bank accounts and balancing of structures
	Enquiries	Immediately/Timely	Confirmation of procedures and correct handling of bank affairs
	Journalising of interest and bank charges	Monthly before finalisation of next internal interest apportionment before the 15 <sup>th</sup> of a month	Availability of funds in cost point
	Credit card transactions	Within two days after request has been received	Availability of funds in cost point

Financial Management of Assets	Maintenance of fixed asset register	Annually before year end	Update and comparison of fixed asset register with Deeds Office
	Management of fixed asset register: Depreciation	Annually before due date as indicated in the closing programme	Depreciation on buildings written off annually
	Management of fixed asset register	Immediately as enquiries and/or requests have been received	Accurate application of policy and procedure as well as clearance of uncertainties
	Management of fixed asset register: Depreciation and capitalisation	Monthly	Accurate calculation and monitoring of monthly depreciation and associated transactions
	Answer enquiries and provide assistance during venue certification	Immediately after request is received or as agreed with client	Effective administration and management of fixed asset register
	Additions/creation/deletion of asset items to the asset register	Within two days after request is received	Effective administration and management of fixed asset register
	Requests of home-use of asset items	Immediately/Timely	Effective administration and management of fixed asset register
	Requests/enquiries per e-mail/notes	Within a week after request is received	Effective administration and management of fixed asset register
	Linking of venues to departments and persons	Within a week after request is received	Effective administration and management of fixed asset register
	Requests for asset stickers	Within a week after request is received	Effective administration and management of fixed asset register
	Granting of asset programmes to users	Within a week after request is received	Effective administration and management of fixed asset register
Building project financing	Real facilities	Within a week after request is received	Availability of funds for continuation of building projects
	Finance project expenses & reporting thereof	Within a week after request is received	Reporting on state of funds per building project
Financial administration of rentals and leasing	Collection and payment of rent	Within the first 10 days of each month	Timely invoicing of lessee and accurate apportionment to concerned cost points
Internal Loan management	Administration of applications and agreements	Within a week after request is received	Control over all new internal loan requests and granted
	Reporting of Finance Committee	Before closure of each Committee meeting	Overview of total internal loans granted and compliance with

				internal loan policy
	Recording of interest and payment	Annually before due date – year-end programme	Levying of interest and payment of internal loans	
Account administration of utility services	Pay accounts	By due date as agreed with service provider	Timely payments and accurate apportionment to concerned cost points	
Signing and endorsing of cheques	Sign cheques and approve electronic payments	Immediately	Timely payments	
General administration	Sms administration	Immediately	Effective client service & recovery of expenses	
	Payment of cell phone accounts	By due date	Timely payment of creditors	
	Cell phone orders	Within a week after request is received	Timely settlement as requested	
Insurance	Registration, announcement and settlement of insurance claim	Immediate announcement and follow up fortnightly	Effective client service & recovery of expenses	
	Real sufficient coverage in consultation with concerned environments	Direct request immediately to brokers and settle as soon as possible	Limitation of uninsured risks	
	Renewal: Needs determination	Communicate annually extent of SU's insurance portfolio to Faculties and environments and determine if there are new needs	Confirm that insurance coverage is sufficient	
	Answer enquiries	Immediate/Timely	Resolve uncertainties concerning insurance coverage and what it contains	
<b>Finance: Facilities Management</b>				
Strategic management	Support FM in management of strategic projects with regard to finance	Incorporate the client's need and define with SU policy	Project schedule due dates and satisfied client	
Financial/Budget management	Compilation of annual consolidated capital & operating budgets	Timely in accordance with guidelines from Finance	Approved FM budgets	

		Develop and manage cost-control system	Reconciliations to ensure correct bookkeeping	Identify areas of optimising and cost savings
Financial Asset Management	Updating of asset register	Purchases/sales/removals correctly put on record	Compliance with policy	
	Verification of asset register	Perusal of inventory records continuously per venue, as well as systematic certification as required annually	Updated & correct asset register	
Financial administration of remuneration	Composition of FM HR plan	Consolidated HR plan of all departments of FM	Accurate overhead planning of HR	
	Detail analysis of HR expenses	Check budget vs. real & correctness of HR transactions	Financial control	
	Checking of time sheets, overtime and assistance requests	Correct allocation of costs, correctness of recording hours, and authorisation of expenditure. Compile pay sheet to HR	Financial control	
Financial administration	General administration	Points achieved in client survey regarding satisfaction with respect to financial service delivery	Client satisfaction	
	Administration of task assignments	Timely creation and conclusion of assignments	Correct allocation of costs, verification of costs	
	Conversion of inter departmental requisitions in task assignments	Continuous checking of system for entered requisitions	Timely creation of task assignments	
	Preparation and authorisation of cheque requisitions/electronic payment applications	Requisitions have to be completed within 2 days if all documentation is complete and correct	Timely processing of payments	
	Cancellations and amendments	Cheques and payments have to be cancelled immediately on request	Financial control	
	Computerised creation of requisitions for stock & purchases	Timely entering of requisitions from supplied documentation according to stipulated procedures. Further processing by Purchaser	Separation of duties as required by SU policy	
Financial administration: Creditors	Process receipt of goods	Process within 2 working days with receipt of invoice if all documentation is complete and correct	Timely processing of documentation	

		Preparation of invoices	Preparation and recording have to occur within 2 days after receipt of goods and physical receipt of invoice	Timely processing of documentation
		Verification of requirements regarding invoices	Check details on invoice (e.g. VAT number of University as well as the provider official order number).	Conform to statutory requirements & purchase policy
	Financial administration: Debtors	Issuance of debtors invoices	Monthly issuance of invoices	Recovery of amounts owed
		Recovery of breakage	Information relayed monthly to Student Fees regarding breakage recoverable from students, and monthly recovery from House Committees with regard to breakage	Recovery of amounts owed by Student Fees
		Debtors enquiries	Telephonically: immediately E-mail: 1 working day after e-mail is received	Effective client service
	Inventory management (Property services)	Update of data basis with new inventory items	Recording of all inventory items	Ensure completeness of data basis
	Financial Control and Management	Management of cost points	Continuous as well as monthly management reports	Effective cost point management
		Financial reporting and verification of cost points	Continuous as well as monthly exceptional reports such as overspending	Effective management of budgets
		Financial control of MCW's	Correct allocation of costs, timely creation and finalisation of assignments, verification of costs, availability of funds/budgets	Effective management of budgets and expenditure
		Verification of available funds, cost points and approval of capital projects	Correct allocation of costs, timely creation and closing of project cost points, availability of funds/budgets	Effective management of capital project financing
		Management of stationery and copying paper store	Availability of stationery and minimisation of costs	Cost control and effective management of expenditure
	Verifying of vehicle fleet control system	Verify the use of vehicle fleet. Responsibility falls under each FM head of department	Monthly km reading, follow-up of messages from the fleet management system of contingencies	Cost control and correct utilisation
	Financial statements	Preparation of financial statements	Statements have to be delivered timely as per agreement with client	Informed decision on available funds, take correct measures in the event of over- and under spending

			Composition & analysis of statistical data	Composition & analysis of statistical data. Gather and provide timely information on request	Accurate reports/records kept up to date
<b>Financial Services</b>					
			General administration	Points achieved in client survey regarding satisfaction with respect to financial service delivery	Client survey
			Issue of cheques/electronic payments	Requests have to be finalised within 5 days if all documentation is complete and correct. An additional 2 days are needed if payment request is relevant to the following and previous approval is not obtained: <ul style="list-style-type: none"> <li>• Asset purchases</li> <li>• Payments to RC Heads</li> <li>• Travel claims that have to be verified by Vehicle Fleet</li> <li>• Deviations from the financial policy</li> </ul>	5 working days
	Financial control and Management		Training	Continuous process as well as result of both internal and external auditor's report	No critical findings
			Creation and management of cost point	Continuous monthly exceptional reports	Real rand value in proportion to previous year
			Levies: ICCR repayments	% repayments immediately when income reflects on cost point	Effective cost point management
			Financial control and management	Continuous as well as monthly exceptional reports such as overpending reports and outstanding advances	Real rand value in proportion to previous year
			VAT	% VAT returns submitted within the agreed time period as opposed to the goal	12 monthly returns
			Payments	Foreign payments are processed within 3 days and sent to the bank if the correct documentation is provided	Effective cost point management

			Foreign payments are made within one week after the correct documentation is provided to the bank		Effective cost point management
		Cancellations and amendments	Cheques and payments have to be cancelled within 3 days after request		Financial control
		Journals	Journals are posted within 3 days from receipt of the request, if the correct supporting documentation has been provided		Effective cost point management
	Financial statements	Preparation of financial statements	Statements have to be delivered timely as per schedule of institutes and bureaus		Timely reporting
			Ad hoc requests for statements have to be delivered timely with at least two weeks' notice to Financial Services		Timely reporting
<b>Financial and Management Systems</b>					
	System development	System debugging and upgrading	Prompt availability of system and time lapse during debugging		100% availability depending on external factors, with timely communication if otherwise
			Quantity of solved errors compared with reported errors		
		New developments	Effective testing of new developments		100% faultlessness of new version and effective and timely communication if otherwise
	System administration	System securities	Proactive communication and sufficient lapse of time for implementation		
			% written communication measured against auditor's report Once a year		Line up with annual internal audit and updating
		Programme allotments	Within one day after request is received		Effective cost point management
		Create user profile and access	Two days from receipt of request and correct documentation is provided		Effective system administration

	Facilities	% accurate posting of facilities against documentation and internal auditor's report – 2 working days after request is received	Effective cost point management
	Create cost points, OE's, structures, consolidations, account numbers	2 working days after request has gone through all the check points and the correct documentation is provided	Effective administration of check list
	Maintenance of cost point: Close	Process can only be finalised after all jobs and assets have been moved, therefore 1 month after request has been received	Effective management of cost point
	Maintenance of OU's	Process can only be finalised after all posts and assets have been moved, therefore 1 month after request has been received	Functional management of hierarchical structure
	Management of year end audits	Effective coordinating of year-end audits against year-end programme	Coordination of year-end
	Debugging: Orders and compelled data	Two working days if correct procedure has been followed	% successful data debugging against internal audit Effective cost point management
	Balancing	Stores – monthly Structures – monthly Ledger – daily	Effective control
	System training	Number of persons trained against nominated Availability and understanding of training material – manuals Points scored in user feedback	Continuous availability of sessions as well as individual training opportunities to new users within two weeks from enquiry
	Client services	Immediately/Timely Within one day after request is received	No critical findings with client survey
<b>Financial Creditors</b>			
	Financial administration: Creditors	After receipt of monthly return of specific providers	Outcome of external auditor's report

		Creation of new creditors on the financial system	A creditor is created within two days after Acquisitions have executed the control audit	Outcome of external auditor's report
		Creditors payments	Timely within the payment terms after invoice with correct goods received reached the creditor's division	Outcome of external auditor's report
<b>Student Finance</b>				
	Student fees budget	Preparation of student fees budget	3 % deviation against budget	Effective management of second stream income
	Financial administration: Student fees	Registration of students	Effective and timely processing of data	Effective client service
	Administration of bursaries and loans	Enquiries	Immediately	Effective client service
		Preparation/issuing of accounts	Four to six weeks before due date	Effective client service
		Preparation/issuing of summary of student fees budget for bursary purposes	1 Day after request is received	Effective client service
		Enquiries with regard to student accounts	Immediately	Effective client service
	Levies on student accounts	Material, travel and consumable material costs	Timely finalisation and transfer of journals within first 3 working days of month	Accurate levies and accurate transfer to ledger accounts
		Membership fee and ad hoc levies	One day after request is received it is sent via Tygerberg to Student Fees Stellenbosch	Effective client service
		Membership fee and ad hoc levies: maintenance	Finalisation within two working days after request is received	Accurate levies and accurate transfer to ledger accounts
	Cashiers	Reconciliation of cashiers Payments	Daily	Effective cost point management
		Foreign exchange cheques	Immediately	Effective client service
			Within one week after request is received	Internal client survey
	System administration: Meals system	Creation of debtors (students) on Fedics meal system	Immediately	Effective client service

		Financial control and management of quotas on system	Daily	Outcome of internal audit
		Enquiries of debtors (students)	Daily	Effective client service
	System administration: Phonet system	% accurate loading of money on system	Daily	Effective control
	System administration: Laundry system	Financial management of quotas on system	Continuously	Effective control
	Student cards	Issuing of student cards	Daily between 08:00 – 15:30	Effective client service
		Taking photos	Daily	Client service
<b>Debtors</b>				
	Financial administration: Debtors	Payment and management of accounts	Send statements monthly	Effective management of third stream income
		Create documents	Timely processing of relevant documents	Effective management of third stream income
		Management of bad debt	Timely collection of funds	Effective management of third stream income
		Debtors enquiries	Telephonically: immediately E-mail: 1 working day after e-mail is received	Effective client service
<b>Remuneration</b>				
	Financial administration of remuneration	Pay roll administration	Timely payment of remuneration	2 <sup>nd</sup> last working day of each month
			Provision of pay roll information (web or slip)	2 <sup>nd</sup> last working day of each month
			Tax certificates	Last day of submitting of taxation reconciliation at SARS
			Remuneration deviation reports	7 working days after the end of the month
			Remuneration expenditure and budget	3 working days after receipt
			General pay roll enquiries	3 working days

		Insurance against accidents	General aid and assistance	3 working days
			Put in a claim	1 working day
			Collection of funds	180 days
<b>Purchases and Supply Services</b>				
	Orders	Electronic processing, management and control of account, approval, dispatch Foreign orders: Real clearance Foreign orders: Present/Forward order form Enquiries problem solving, training Networking and liaison	Within two days after electronic receipt, subject to compliance with the Purchases Policy Three days after receipt of request, is the minimum time of completion. Liable to the correctness of documentation from the client Within one day after completion of the full cycle on the foreign system Immediately/Timely	Effective client service Effective client service Effective client service
	Market/product research		As opportunity serves	Keep step with "best of breed"
	Financial control	Negotiations, consultations, offer advice regarding Purchases and Tender policy	On regular basis as opportunity or need arises	Effective administration and control
	Stores: Stock management and control	Management, replenish, receipt and issuing with regard to commodities in consultation with concerned environments	Continuously	Effective financial management
		Identify slow-moving inventory items	Minimising of inventory levels and prevention of possible losses on account of out-dated inventory	Effective management of funds
		Delivery of supplies ordered directly from storage	According to weekly schedule	Effective client service
	Transfers	Moving, issuance and pick up of furniture	Scheduled according to the date which request was received and urgency	Effective client service
	Receipt of goods	Doing receipt of goods for Waltons and courier services	Continuously	Effective client service

	Advice service	Advise clients in order to ensure best product is purchased at the best price	Continuously	Effective client service
	Contracts	Perusal of service and product contracts	Continuously	Effective administration of policy and control
	Tender process	Assist with drafting of tender documents	When applicable	Effective administration of policy and control
		Manage tender processes	Within the time frame as included in Purchases and Tender Policy	Effective administration of policy and control
<b>Transport Services</b>				
	Vehicle leasing	Manage reservations, keys and card control, services of vehicles, manage damages/claims, completion of drives	Vehicles in good condition, in time and clean Feedback from clients	Comply with needs Cost effective
	Mobility services:			
	Bicycle leasing	Manage contracts Repair and maintenance Marketing	Bicycles in good condition Client satisfaction	Change of behaviour Reduce carbon footprint/ environmental sustainable Human friendlier environment/decrease of vehicle movement on campus
	Management of parking	Award & allocate applications Management & policing Manage maintenance costs	Within deadlines Client satisfaction	Financial sustainable Optimal leasing Comply with needs Financially sustainable Cost effective
	Manage commute services	Real & manage services according to need/times Monitor & manage staff Recording statistics Negotiate	Feedback from commuters	
	Vehicle financing	Manage applications Bargain/negotiate prices Vehicle evaluation Obtain credit record Draw up contract Select applications Pay Financial control & administration	Manage within 3-5 working days Competitive prices Comply with policy and legal requirements Client satisfaction Auditor's report Management reports	Bargain/negotiate best possible transaction Cost effective Sustainable

	Fleet management	Determine need Manage purchase and sale process Administer process Monitor use/abuse Financial control	According to financial and purchase policy Monthly reports/runs Client satisfaction	Comply with need Cost effective Sustainable
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# SD 5

SU Budget Process

# Terms of Reference regarding revision of existing Stellenbosch University Budget Model

February 2017

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## 1 CONTEXT FORMULATION

With the acceptance of the **Institutional Intent and Strategy (2013-2018)** by Council on 29 April 2013, a Task Team<sup>1</sup> was convened in 2014 with the following commission:

- To develop an Income and Expenditure Strategy that is consistent with the Institutional Intent and Strategy (2013-2018).
- To provide draft principles for a new budget strategy.
- To provide draft advice regarding a new, stable, sustainable and integrated budget model that drives the Institutional Intent and Strategy (2013-2018).

In the context of national and international trends in the higher education sector, the Task Team made recommendations to create a budget environment that is conducive for addressing the previous shortcomings of the Stellenbosch University (SU) budget model and for actualising SU's accepted Institutional Intent and Strategy. Refer to Appendix A for the 2009 approach to and process of Financial Planning and Budgeting as well as Appendix B, which contains the proposals of the Task Team regarding the 2015 budget process as submitted to and accepted by the SU Council on 28 November 2014.

Several matters, for instance a new subsidy formula, were not concluded to execute the abovementioned commission thoroughly, and therefore a revision of the budget model is unavoidable given the current crises in the higher education sector concerning student unrest about student fees adjustments for 2016 and 2017 and the current insistence on free higher education. There was also a specific request at the Institutional Planning Forum of July 2016 for a task team to investigate the establishment of operational targets for faculties and to make recommendations in this regard.

## 2 PROPOSED ASPECTS FOR REVISION

### 2.1 Operational targets and distribution factors

In 2014 a revision of the existing operational targets as well as the establishment of operational targets on a three-year rolling basis was proposed.

Several interventions since 2005 have given rise to the current levels of operational targets, namely 1) exclusion of full-time-equivalent personnel who are funded from outside sources (not first and second income streams) and who are one of the agreed key drivers for the allocation of support and institutional costs, with a strong effect on the operational target of especially the Faculty of Medicine and Health Sciences; 2)

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<sup>1</sup> The task team members in 2014 under leadership of Mr Gerhard Swiegers were as follows: Profs R Botman (Chairman), MG Zaahl, T de Coning and NC Gey van Pittius, Drs M-J Freeborough and W Uys, Mss H Pieterse, A Dorfling and G Cronje, and Messrs M Lombard, A Hanekom, SA du Plessis and MJ Brooks.

substantial Strategic Fund investment in Engineering to reduce its negative operational target by expanding its postgraduate platform and income from this; 3) Strategic Fund allocation to the Faculty of Arts and Social Sciences in compensation for the high space cost of Music; 4) agreed reduction in the cross-subsidy by the Faculty of Economic and Management Sciences; 5) reduction of vacant and ad hoc posts to the amount of R60 million in both faculties and support environments for, among others, strategic redeployment of R36 million in faculties with large student-lecturer ratios such as Engineering; 6) annual effect of the Differentiated Remuneration Adjustments policy; and 7) phasing in of faculties' allocations in 2016 over a three-year period with regard to the over- and underrecovery of operational targets. Refer to Appendix C that contains the real operational targets as presented to the SU Council on 30 November 2016.

Arising from the above is the question whether the operational target or the distribution factor is the best measure for determining cross-subsidisation among faculties. The determination of the levels of the operational target must also be investigated.

## **2.2 New subsidy formula**

The impact of the new subsidy formula cannot yet be determined fully given the current indications of a draft proposal by the Department of Higher Education and Training by June 2017 with possible implementation by 2018/2019.

## **2.3 Student fees**

The Presidential Commission for the determination of student fees at higher education institutions and the impact thereof on SU must still be determined. The current indication is that proposals may be available by the middle of 2017.

## **2.4 Indirect cost recovery rate**

A separate ICRR task team with an approved Terms of Reference is currently conducting a recalculation of the ICRR and is also investigating the underrecovery for contracts that do not comply with the 17% ICRR to determine the financial impact of the underrecovery, with proposals for dealing with this.

## **2.5 Compensation allocation to various income streams**

An investigation headed by Human Resources should be considered for a framework for staff structures within faculties. The recovery of compensation among income streams should be investigated, and a policy should be put in place for this. Incentives for the supplementation of compensation can also be investigated further. The medium-term sustainability of each faculty and department within faculties' budget account must also be tested annually within the budget model and the faculty's medium-term forecasts.

## **2.6 Institutional and support costs and cost drivers**

A revision of the institutional and support environment expenditure within the main budget as well as the cost drivers involved must be investigated. Several aspects must be considered further, including whether the expenditure is still required and what the specific levels of funding should be. Measures of cost-effectiveness must also be investigated.

## **2.7 Objectives of the fourth income stream**

Objectives must be set for the fourth income stream, and the feasibility of a yearly contribution (n-1 year) to the main budget must be investigated. The contribution from the fourth income stream with regard to the funding of bursaries must be displayed visibly to inform and possibly in future relieve the contribution of the main budget.

## **2.8 The fifth income stream as source of revenue**

Objectives must be set for the fifth income stream to make yearly contributions to the main budget. Income under this category includes commercial activities, innovation (patent income etc.) as well as exploitation of the income potential of the balance sheet of SU.

## **2.9 Survey of all internal levies**

A survey of all internal levies by environments, for example Information Technology and Facilities Management, must be made. New levies as well as amendment of existing levies must be submitted to the Finance Committee for recommendation to the Rector's Management Team in accordance with existing policy and must be dealt with as part of the annual budget process.

## **2.10 Arts at Stellenbosch University**

The priority of the arts (HB Thom, Museum, Choir and Conservatory) at SU must be investigated to market these commercially and to exploit them for sustainability and relief for the main budget and with academia that purchases the necessary services then, just like the Botanical Garden and the Dairy. This will significantly ease the current pressure points in die Faculty of Arts and Social Sciences. The Choir is currently part of the Woordfees budget, together with WOW and Buya, and the sustainable position of these activities must also be established in the budget.

## **2.11 Capital budgeting, also further development of assets and Campus Renewal Project**

The current capital budget (main and housing) and the Campus Renewal Project must be aligned optimally, and the costs involved must be defrayed within the projects. Further development of SU's assets (property and investments) must be investigated. The desirability of the principle of capital redemption in property development must be investigated.

## **2.12 Alignment of the Human Resources and Compensation Committee of Council with budget planning**

There must be timely interaction among all role players regarding decisions that can affect the budget process. The optimal timelines must be investigated.

### **3 PROVISIONAL TIMELINE**

The provisional timeline aims to include some of the abovementioned aspects in the 2018 budget after discussion at the Executive Managers' Forum in July 2017. Further aspects will only be included in the 2019 budget process, after thorough investigation.

### **4 PROPOSED TASK TEAM COMPOSITION**

The proposed task team includes representation from faculties (deans and faculty managers), Finance, Human Resources, Institutional Research and Planning, Facilities Management and InnovUS, and a representative from the research environment.

**STELLENBOSCH UNIVERSITY**  
**APPROACH TO AND PROCESS OF FINANCIAL PLANNING AND**  
**BUDGETING**  
 2009

**MANAGEMENT SUMMARY**

The consolidated SU budget consists of three elements. The main budget is largely related to the first two money streams of income (mainly formula-driven state subsidies and academic fees). The budget for the third stream of income largely deals with income from contracts, donations and diverse income-generating projects. The budget for student accommodation is self-financed. The budget is developed and managed in accordance with financial management principles and compiled within the context of a three-year rolling financial framework.

The projection of income and expenses is based on assumptions and guidelines approved by the Rector's Management Team (RMT). The allocation of budget funds to faculties and support services divisions serves SU's strategic and financial goals. Prioritising occurs under the guidance of the RMT and in consultation with various bodies, groups and senior management staff. Strategic management indices and critical achievement indicators are important achievement norms. Business goals for faculties serve as a key allocation instrument.

Environments (faculties and support services divisions) develop their budgets in pursuit of agreed strategic goals, broadening of income and cost-saving. This occurs within the framework of affordability that is approved by the RMT and on the basis of income and outlay guidelines as provided.

The budget is recommended by the RMT to the SU Council, for final approval.

After a short introduction this manual deals with SU's approach to and process of budgeting under the following headings:

- Points of departure underlying the approach to budgeting
- Composition of SU budget
- Approach with regard to the main budget (strategic priorities; determination of available funds; allocation of funds: overall; allocation of funds to individual faculties; adjustments in business goals; allocation of funds to institutional and support services environments: connection between SMI/KPI achievement and budget funds)
- Approach relating to budgeting for third-stream income
- Approach relating to budgeting for student accommodation
- Time frame, consultation and decision-making

## **A INTRODUCTION**

1. SU's budget consists of the estimation and planned application of funds in the first year of a rolling three-year planning framework. The main purpose of the financial planning and budget is to pursue the strategic goals of SU in terms of the current vision statement in a financially sustainable manner. The budget is one of the elements in the annual management cycle of planning, budgeting, implementing, monitoring and quality control. This document offers an exposition of the principles underlying the SU budget and serves as a manual of the manner in which the annual budget is developed.

## **B POINTS OF DEPARTURE UNDERLYING THE APPROACH TO BUDGETING**

2. There are several points of departure relevant to the development of the budget.<sup>1</sup> The most important points of departure are as follows:
  - (a) The budget is a central instrument in goal and change management and the budget must enable budgeting units to realise strategic goals.
  - (b) The university is managed as one whole with subdivisions and each subdivision is also managed on the same principles as the whole, with the interests of the whole taking precedence over the self-interest of any subdivision.
  - (c) Decentralised decision-making capacity, together with the management of a decentralised budget, should promote greater operational efficiency and cost-effectiveness.
  - (d) The budget, as central instrument in strategic and change management, demands a zero-base approach.
  - (e) Dealing with budget overspending takes place according to clear procedures set and applied by the Division: Finance.
  - (f) Unused funds are transferred to the next financial year for availability to the budget units concerned, subject to conditions approved by SU management and which fit in with the strategic plans of SU and the units concerned.
  - (g) The manner in which state subsidy and academic fees are generated does not directly determine the application thereof, except in as far as it is reflected in the accepted norms for the generation of budget funds, i.e. income earned by a specific entity may be allotted to that entity, but all of it need not necessarily be given to them.
  - (h) The measurement of the financial balance (the difference between income and expenditure) with regard to activities and divisions is a standard practice.
  - (i) Financial balances can be positive or negative and form, together with achievement in terms of the core business and strategic objectives of SU, the basis for judgement of the viability of activities and divisions.

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<sup>1</sup> These points of departure originate in two documents. The first is SU's Principles of Financial Management as accepted by the Council on 19 May 2003 and amended by the RMT on 25 November 2005 (after recommendations by the Finances Committee). The second is the Principles for a New Budget Model which resulted from projects 4 and 6 of the SU Business Plan 2004-2006.

- (j) Cross-subsidising is a given that is built into the budget model and is explicitly provided, but the scope of cross-subsidising will be limited. The scope is the result of the business targets (BTs) that the RMT determines on the basis of strategic considerations.
- (k) In order to pursue long-term financial sustainability, funds are by preference granted where they will deliver enough income to justify their allocation. Nevertheless, the manner in which money flows into the university does not necessarily determine the application thereof, since the university may also allot funds to serve long-term strategic goals, even when they do not necessarily produce an income.
- (l) Academic entrepreneurship is encouraged by remunerating individuals (in the academic and support services divisions) appropriately and allowing them to share in the surpluses that arise, on the understanding that expenses proper to such activity are allocated and that SU shares in surpluses corresponding to its capital contribution.
- (m) Financial and other incentives to promote cost-saving are applied in a controlled manner and are subject to the approval of SU management.
- (n) The acquisition and utilisation of money and fixed assets occur in terms of norms that serve the strategic goals and the requirements of affordability, efficacy and excellent service delivery.
- (o) In the utilisation of money, overhead costs, direct and indirect, are limited to the minimum.
- (p) Any new expenditure requirement that arises in the course of a financial year can be accommodated by the head of the responsibility centre (RC head) by re-prioritising and re-application of funds within the particular responsibility centre's budget, keeping in mind the applicable conditions laid down by SU management. If this is not possible, the expenditure requirement remains pending until such time as other funds become available.
- (q) Dealing with financial crises is an operational management responsibility, with the Council taking steps when certain pre-determined precautionary limits have been exceeded. When financial crises necessitate economising, the order of preference is as follows: utilisation of favourable cash flow, utilisation of balance funds, cutting down on business expenses, non-filling of vacancies, postponement of capital expenditure, abolition of vacant posts, monetarising of assets and the reduction of staff.

## **C COMPOSITION OF SU BUDGET**

3. The compounded or consolidated budget of SU consists of three separate budgets, namely:
  - (a) The *main budget*. This contains the first two money streams, namely state transfers<sup>2</sup> and academic fees<sup>3</sup> plus that part of the third stream of income

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<sup>2</sup> Money which the State grants to institutions of higher education by means of a funding formula.

(DGI)<sup>4</sup> over which direct discretion may be exercised. The latter includes, inter alia, contributions from the Stellenbosch Trust, the central six percentage points<sup>5</sup> levy on DGI, the interest levy for the management of external funds and other smaller diverse sources of income. Ad hoc funds that SU Council may grant from time to time are also included.

- (b) The *budget for third-stream income*. This represents mainly project-bound income that supports specific research activities and/or projects, as well as monies flowing from contract research and consulting services. Funds are derived from state and semi-state institutions, the private sector (local and abroad), donors and development agencies (local and abroad). The utilisation of this income is limited to the environments to which it flows for the purpose for which it was made available, or obtained, and may not finance other activities, such as undergraduate education.
- (c) The *budget for student accommodation*. This consists of the consolidated income and expenses of all SU hostels and student houses.

## **D APPROACH RELATING TO THE MAIN BUDGET**

- 4. The focus is firstly on the approach with regard to the main budget. The different steps are set out below.

### **Strategic priorities**

- 5. The primary drivers of SU's integrated financial planning and budgeting process are the strategic considerations in the strategic framework, Vision 2012 and the Overhead Strategic Plan (OSP). The budget is developed to support SU's strategic priorities. This takes place with consideration for the progress per faculty and for SU as a whole with regard to a number of strategic management indicators (SMIs).<sup>6</sup> The SMIs were developed in respect of the five elements of the SU's Vision Statement and appear in Appendix 1.

### **Determination of available funds**

- 6. A preliminary estimate is made for the probable income for three years. This projection of income consists of various elements.

#### *State grant*

- 7. The current state funding formula for institutions of higher learning was implemented in 2004. A ministerial declaration is issued annually (approximately May/June) in which the elements for the calculation of the actual allocation for a

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<sup>3</sup> Academic fees in respect of under- and postgraduate programmes, which are approved by the SU Council.

<sup>4</sup> DGI consists chiefly of: (a) money from the state earmarked for specific purposes (including money from statutory bodies that promote research, as well as from comparable bodies); (b) money that is brought in by means of contract research; and (c) money that comes in by means of sponsorships and donations, sale of services and products and other commercialising activities.

<sup>5</sup> SU imposes a levy of 12% on external funds (DGI) to combat overheads. Half of this (6 percentage points) forms part of the consolidated income pool in the main budget, 3 percentage points are awarded the environment where the external funds are generated, 2 percentage points go to the Research Fund and 1 percentage point to the Innovation Fund.

<sup>6</sup> SMIs are calculated per faculty and for every academic department.

particular year and projections for the following two years per institution are stated. Sometimes ad hoc allocations are added with specific conditions. The allocation to institutions of higher learning consists of three elements.

8. The largest component is compiled from four block allocations, namely a teaching input allocation, a teaching output allocation, a research output allocation and an institutional factor allocation. These funds are not earmarked and can be utilised at the discretion of the Council.
  - (a) The *teaching input allocation* takes place according to calculated money values per fulltime-equivalent (FE) student in a differentiated matrix that makes provision for four study levels and four funding groups. The Minister of Education changes the money values per FE student according to the availability of funds in the national budget and the approved student growth of all institutions of higher learning. The Department of Education approves the FE student growth in accordance with SU's registration planning proposals.
  - (b) Allocation of funds according to *research and teaching outputs* is result driven. The income is calculated on the basis of the results of the past two years and thus accrues to SU after a two-year time lag.
  - (c) The *institutional factor* comprises allocations which are largely based on size and diversity.
9. The following component of the state allocation is a number of *earmarked allocations*. It currently consists of NSFAS allocations<sup>7</sup>, a contribution to the annual interest and redemption payable on the institution's long-term loans, and foundation programmes. The budgeted income is also indicated in the annual ministerial declaration.
10. The last component of the state allocation is earmarked allocations which can only be utilised for the purposes determined by the Minister of Education.

#### *Academic fees*

11. The projection of income from academic fees is based on the latest information about the actual income from academic fees for the current year. The projected growth factor is compiled from the planned under- and postgraduate student growth per faculty, as agreed with the faculties, and with the guideline about the nominal adjustment in academic fees about which an opinion is formed at the beginning of each budgeting process. Academic fees per faculty are eventually determined towards realisation of strategic goals and with an eye on competitive considerations. The Academic Fees Committee annually recommends the package of academic fees via the Finance Committee to the RMT, who incorporate it into the final budget.

#### *Other SU income*

12. This consists mainly of the central levy on DGI, the interest levy on external funds and late payment of academic fees. Ad hoc allocations by the Council are also included. Projections occur on the basis of historical trends, appropriate assumptions about expected inflation and item-specific information.

#### *Inflation adjustment*

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<sup>7</sup> National Student Financial Aid Scheme.

13. SU applies an inflation factor to do the future years' financial planning in money values of the years concerned. This inflation factor is based on information provided by the Bureau for Economic Research.

#### **Allocation of funds: overheads**

14. The budgeting approach was designed to create incentives for environments to maximise income and limit expenditure to the minimum. The accent falls on the empowerment of the business units of SU to exploit and utilise sources optimally.
15. The allocation begins by dividing the available main budget funds into four blocks corresponding to a percentage share which changes from time to time in respect of short- and long-term strategic priorities and the chosen combination of services considered necessary for them. Although the budget development kicks off with a first opinion about the allocation to the four blocks, the finalisation of the allocation takes place interactively with the evaluation of claims. The allocation is also done with the necessary flexibility so that big initiatives which may be required from time to time, e.g. investment in buildings and equipment, can be accommodated. An exposition of the composition of the four expenditure blocks is given below:
  - (a) *Faculties* – An allocation of funds for the ten faculties (Agrisciences, Economic and Management Sciences, Health Sciences, Engineering, Military Science, Arts and Social Sciences, Science, Education, Law and Theology) with the direct costs of Military Science which are borne by the Government Department of Defence.
  - (b) *Strategies/Contingencies* – consisting of the Strategic Fund and the Contingency Reserve, from which the further allocation is arranged by two separate sets of rules and applied by the RMT. The gearing up and pursuit of SU's strategic goals take precedence in the allocation of money from the Strategic Fund.
  - (c) *Institutional* – consisting of overhead expenses such as insurance, erection, expansion and upgrading of buildings, maintenance of buildings and grounds, interest payments, municipal services, auditing fees, bank charges and expenses that serve the university more directly (such as library books and magazines and bursaries and loans). The responsibility of management rests with the FE heads in the RMT to whom the function was allocated.
  - (d) *Support services* – consisting of the supporting services which, like the institutional category, form a part of line management function of the FE heads in the RMT and by which faculties are supported in their service delivery and pursuit of strategic goals. It includes divisions such as: Academic Administration, Bursaries and Loans (staff and operating expenses), Student Affairs, Academic Support, Institutional Research and Planning, Research Development, Library (staff and operating expenses), the International Office, the Stellenbosch Foundation, Human Resources, Community Interaction, Facility management, Sport, Information Technology, InnovUS, Legal Services and Finance.
16. The allocation of funds to the support and institutional components take place in a manner which supports faculties in the pursuit of their strategic goals, but also so that support environments directly serve the strategic goals of SU.

## Allocation of funds to individual faculties

17. The allocation to faculties takes place according to business targets (BTs) which are determined with an eye to the income that faculties generate for SU and specific strategic considerations, as included in faculty business plans.
18. The starting point for the determination of BTs is the calculation of business balances, which are calculated per faculty and per academic department. The calculation is hereafter explained in Table 1.
- Actual income is allocated to faculties as it is earned. With a few exceptions, all the recurring income from the first two money streams is allocated to faculties (see column 3 and note in row G, column 5 of Table 1).
  - The state allocation according to the teaching input component is allocated on the basis of planned or realised FE students, whichever is smallest.
  - As regards academic fees the division between undergraduate and postgraduate is taken into account, as well as any other module adjustments that a particular faculty may apply.
  - The largest part of the other income (see column 4 of Table 1 and the notes re rows C, D and E in column 5) are placed in the Contingency Reserve, the Strategic Fund, the Innovation Fund and the Research Fund and are allocated according to specific criteria.
  - The expenditure of support and institutional services are considered as overheads that are incurred in support of the service delivery and income generation of faculties. The cost is allocated to faculties according to agreed cost drivers (row J of Table 1).
  - The total expenditure of a faculty (row L) consists of allocated overhead costs (row J), the direct allocation – according to the origin principle – of 3 percentage points of the 12% allowance on external funds<sup>8</sup> and the annual budget allocation (from which direct expenses are met).
  - The difference between total income generated (row H) and total expenditure (row M) represents the faculty's estimated operating balance (row N).
19. Real long-term BTs for every faculty are determined by the RMT in consultation with the particular faculty in order to reach strategic and financial goals. BTs for individual faculties are determined by the RMT and kept as stable as possible.
20. The BT indicates what financial balance must be reached. If the business target (BT), the allocated projected income (I) and the allocated overheads (OH) are determined, then the budget amount (B) is the result, according to the following formula:
- $$\mathbf{B = I - OH - BT} \quad (1)$$
21. The business targets thus become the driver of the annual budget allocations to faculties and are determined in such a way that the budget allocations to all the faculties together are equal to the block allocation of faculties. Should the business target be exceeded during a particular year (i.e.  $\mathbf{B > OH}$ ), the faculty

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<sup>8</sup> See footnote 5.

bears the excess (after deduction of overheads). Should the business target not be reached (i.e.  $B < OH$ ), correction is required in the faculty.

<b>TABLE 1 METHOD OF CALCULATING BUSINESS BALANCES</b>					
	1	2	3	4	5
	<b>Financial item</b>	<b>Basis of division</b>	<b>Faculties</b>	<b>Other SU Income</b>	<b>Notes</b>
A	<b><u>Income:</u></b>				
B	Academic fees	Actually earned/ projected.	<b>x x</b>		A small part may not be allocated to faculties.
C	State subsidy	Actually earned/ projected	<b>x x</b>		
D	Allowance on external funds	Actually earned/ projected.	<b>x x</b>		This represents the gross 12% allowance. The small part in column 4 is where the allowance is generated outside faculties.
E	Other SU Income non - allocatable		<b>- x</b>		Mainly interest levies, contributions from Stellenbosch Trust, Council contributions and trading income.
F	<b>Total income</b>		<b>x x</b>		
G	Allocation of remainder from other income (see note column 5)	In the same ratio as the total overheads (as in row J)	<b>+x -x</b>		<b>Note:</b> The largest part of the "other SU income" goes to the Contingency Reserve, Strategic Fund, Innovation Fund (1 p/point of allowance) and Research Fund (2 p/points of allowance), which are utilised according to specific criteria and do not influence the business balances. Here the remainder is allocated to faculties.
H	<b>Nett income</b>				The total of row F columns 3 and 4 = total budget income for the year.
I	<b><u>Expenditure:</u></b>				
J	Allocation of Institutional and Support services expenses per RC environment	According to agreed basis of division/ cost drivers – actual expenses, or FE- or FE C1-staff or FE students or combination thereof	<b>x</b>		
K	Direct allocation to faculties from allowance (3%)	Per faculty, as generated.	<b>x</b>		3 percentage points of the 12% allowance (see note, row D) is directly allocated to faculties.

**TABLE 1  
METHOD OF CALCULATING BUSINESS BALANCES**

	1	2	3	4	5
	Financial item	Basis of division	Faculties	Other SU Income	Notes
L	Direct expenses of faculties (budget allocation)		x		
M	<b>Total expenditure</b>		x		
N	<b>Business balance (H-M)</b>	x			

22. If the BT-driven fund allocation causes a particular faculty's budget money for the coming year [year ( $n+1$ )] in real terms to be less/more than for the current year (year  $n$ ), adjustment is needed so as to stay within the budget. The part of the adjustment that will already be applied in year ( $n+1$ ) is determined per agreement with the RMT. The faculty is allowed in year ( $n+1$ ) to cushion a part of the adjustment from balance funds. In such a case a possible supplement from the Contingency Reserve will only be considered if, due to unforeseen external factors, a decrease in an allocated income and/or an increase in overheads appears. For year ( $n+2$ ) the faculty concerned must plan to function according to the projected allocation within the business target set, which could mean restructuring.
23. At the beginning of every financial year the actual business balance for every faculty is calculated in respect of the previous year, which includes the effect of deviations on budgeted academic fees and budgeted state allocations. Surpluses and shortfalls are then allocated/recovered, after deduction of the overheads levy. The overheads levies that arise in cases where there are faculty surpluses are placed in the Strategic Fund and are only available for support and institutional environments with proper motivation. Shortfalls are recovered proportionately from support and institutional environments.
24. Where new programmes are introduced, the BT adjustment will cause the allocated income for the programme from year ( $n+1$ ) of the faculty concerned to increase with additional academic fees and from year ( $n+3$ ) with an additional state allocation (all other things being equal).

### **Adjustments in business targets (BTs)**

25. For the development of the annual budget the RMT has a yearly discussion with every Dean to determine (to establish or to adjust) the BTs for every faculty.
26. Any adjustments in the state funding formula are accounted for in the BT fixing and may lead to adjustments in the current BTs so that the annual allocations to environments are not appreciably disturbed. This will therefore ensure the

necessary long-term stability in allocations to environments. An exception arises where the BTs should not fully compensate for a change in the state funding formula which will then appreciably influence the annual allocation to faculties.

27. Should a national calibration process demonstrate that a faculty is not cost-effective, the BT for that faculty can be adjusted.
28. Should SU strategic considerations determine that certain faculties be expanded/contracted, the BTs of those faculties can be adjusted to make more/less budget funds available.

### **Allocation of funds to institutional and support services environments**

29. After the total block allocations for each of the institutional and support services components for a particular budgeting and planning period have been determined, the process of allocation to environments within these blocks starts. The allocation takes place in support of the environments' (business) plans, as approved by the RMT. The RMT decides on amendments in the allocation to environments on the basis of the source needs in the (business) plans of the environments. At the same time the RMT decides which other activities are going to be less funded to stay within the total block allocations.
30. Where cuts need to be implemented, whether as a result of reprioritising on the basis of (business) plans, or shrinking which is necessitated by the course of the total state subsidy and/or academic fees, a similar approach as that taken for faculties is followed. The environment is allowed in year  $(n+1)$  to cushion a part of the indicated adjustment from balance funds. In such a case a possible supplement from the Contingency Fund only arises if, through unforeseen external factors, a decrease in the allocated income and/or an increase in overheads occur. For year  $(n+2)$  the environment concerned must plan according to the projected allocation within the set business target, which could mean restructuring. When financial cuts need to be made, the order of preference is as follows: utilisation of favourable cash flow, utilisation of balance funds, cutting down of business expenses, non-filling of posts, postponement of capital expenditure, abolition of vacant posts, monetarising of assets and the reduction of staff.

### **Relation between SMI achievement and budget funds**

31. Some SMIs have a direct impact (with delays) on business balances, such as research outputs and flow rates, while others have an indirect influence or no influence. Faculties can also use their own balance funds to promote SMIs.
32. Because it is very difficult to find a usable basis/formula to relate SMI/KPI achievement to faculties' business targets and, as a result, environments' annual budget amount, no further special financial connection is made.

## **E APPROACH TO BUDGETING OF THIRD-STREAM INCOME**

33. Third-stream income flows into SU via hundreds of cost centres. The management of each one is the responsibility of a particular member of staff and the utilisation is subject to the stipulations of the contract or donation. It is not cost-effective to compile a detailed budget for each one of these cost centres – particularly the small ones and those with high income-insecurity. The budget is thus divided into the sub-components of remuneration, business expenses and equipment and compiled as set out hereafter.
34. The allocations that will be received from *statutory and related funds* during the coming year are to a great extent able to be projected on the basis of historical trends and information about future allocations which are available at the time of the compilation of the SU budget. Allocations from institutions such as the following apply:
- Medical Research Council
  - THRIP (*Technology and Human Resources for Industry Programme*)
  - Water Research Commission
  - AGRI SA
- and must be compiled per department and then consolidated per faculty.
35. The income that institutes and centres within SU expect is projected according to the budgets of contracts already concluded per centre and institute and then consolidated per faculty.
36. The remaining income must, consolidated per Department and Faculty, be projected on the basis of historical trends, contract budgets and allocation letters.
37. The compilation of the third-stream budget is the responsibility of each department, institute and centre, and must be submitted per faculty as part of the integrated budget.

## **F APPROACH TO BUDGETING FOR STUDENT ACCOMMODATION**

38. This budget is compiled and managed consolidated with regard to all SU student accommodation as self-financing and according to a full cost approach. The accommodation budget is informed by SU's accommodation plan and strategy.
39. The income consists mainly of residential fees from students. The fees are determined by considering the cost structure of the accommodation industry, comparable fees at rival universities and the cost of comparable private accommodation.
40. Expenditure projections are based on the same assumptions as are used for the main budget, with the exception of certain service contracts according to which annual cost increases are negotiated in accordance with an approved tender process.
41. The accommodation budget makes provision for the following reserves:

- (a) **Reserve for non-recoverable debt:** This reserve must stabilise at R3 million and, when necessary, be supplemented from the annual accommodation budget.
  - (b) **Accommodation reserve:** This reserve must stabilise at R25 million and is utilised to afford contingencies within the student accommodation environment.
  - (c) **Capital replacement reserve:** As soon as the consolidated accommodation budget is profitable, all outstanding debt on long-term loans must be covered, after which a capital replacement fund must be founded.
42. The accommodation budget must also, as far as possible, make annual provision for indigent bursaries to assist those students who do not have sufficient financial resources available.

## **G TIME FRAME, CONSULTATION AND DECISION-MAKING**

43. The annual budgeting process is closely knit with and follows on various planning actions that occur during the first half of every calendar year, starting with the IBF which normally takes place in February or March. Various consultation and approval steps characterise the budget cycle.
44. The consolidated budget of SU consists of three components already identified and is annually approved by the SU Council (normally during the November meeting) on the recommendation of the RMT. The Finance Committee advises the RMT about the macro points of departure on which the budget is based and identifies the overhead budget risks which ought to be dealt with. The RMT sets the strategic goals, four budget blocks and the business targets.
45. As soon as possible after the end of the financial year, the outcome of the annual budget is submitted by the RMT to the SU Council who decide about the utilisation of a realised surplus or the financing of a realised shortfall. The financial year of SU runs from 1 January to 31 December.
46. At the end of every year SU's financial statements are compiled and audited in respect of the consolidated income and expenses and assets and liabilities. The audited statements appear in SU's annual report and are also submitted to the Department of Education. During the course of the year deviation reports in respect of the budget are compiled and monitored at the various management points within SU, with overall monitoring by the Finance Committee who also advises the RMT about them.
47. The Executive Committee of the Senate is provided with information at different stages and consulted about the strategic goals, the macro framework, the composition of the main components of the budget and the budget itself, before it is finalised for submission to the Council.
48. The staff associations are consulted and asked for inputs about the annual adjustments in remuneration and other staff-related expenses.

49. The Academic Fees Committee, as sub-committee of the Finance Committee, makes recommendations on adjustments in academic and accommodation fees. A representative of the Student Council is a member of the Academic Fees Committee.
50. Various interactions take place between the Division Finance on the one hand, and each of the RC heads in the RMT and each of the deans on the other hand, with an eye to the development of their own budgets for the environments concerned.

First draft approved by the UC(S) on 12 June 2007

Latest proposed amendments for consideration by the UC(S) on 21 April 2009

**APPENDIX 1  
LIST OF STRATEGIC MANAGEMENT INDICATORS**

Vision element	Strategic Management Indicator (SMI)
1. SU is an excellent academic institution and respected partner in knowledge.	1a: Publication outputs 1b: Percentage of permanently appointed C1-staff in 2007 who received doctorates 1c: Number of NNS-evaluated staff as percentage of permanently appointed C1-staff 1d: Success rates of undergraduate students 1e: % Postgraduate FE students 1f: Weighed number of M and D-degrees awarded per FE-SLE-C1-staff member
2. SU extends the scientific, technological and intellectual capacity of Africa.	2a: % Postgraduate students from other African countries 2b: Established partnerships in Africa
3. SU is an active role player in the development of the South African society.	3a: Innovation point per FE-SLE-C1-staff 3b: Community interaction 3c: Third-stream income (R) per FE-SLE-C1 staff
4. SU has a campus culture which welcomes diversity of people and ideas.	4a: % Permanent C1-staff from identified groups 4b: % Postgraduate students who are black, brown or Indian 4c: % Freshmen first years who are black, brown or Indian
5. SU promotes Afrikaans as teaching and scientific language in a multilingual context	Must still be expanded
6. Additional (external) indicators	6: Utilisation of C1-staff: Teaching input units (TIU) based on FE students per FE-SLE-C1-staff member
	6(i) Utilisation of C1-staff (SU-funded): TIU is based on FE-students per FE/SLE-C1(SU)-staff member
	7. Relative business balance – Business balance as ratio of the total estimated income

**Abbreviations**

FE = full-time equivalent

SLE = senior lecturer equivalent

C1-staff = staff who directly and primarily fulfil a teaching and/or research function

APPENDIX B – PROPOSALS OF THE BUDGET TEAM REGARDING THE 2015 BUDGET SUBMITTED TO THE STELLENBOSCH UNIVERSITY COUNCIL ON 28 NOVEMBER 2014

SUGGESTIONS OF THE BUDGET TASK TEAM		2015 Budget
1	All funding streams are covered by the budget.	✓ Integrated budget is presented. Refer to <b>Slide 32</b> .
2	Three year rolling budget for all funding streams to improve the planning horizon as well as the predictability of the budget.	✓ Integrated budget for a <b>6 year period</b> (2015 - 2020) is presented.
3	A realistic budget to improve the quality of the budget as a planning document. This will also reduce the surpluses in cost centres, which is a symptomatic problem of the current process.	✓ Being applied as such.
4	Ensure better predictability in the first funding stream budget through:	
	i) Operational input and -output (enrolment, research and graduate outputs) to be agreed upon on a three year rolling basis;	✓ Mutual agreement between RMT and Deans (Executive Management).
	ii) The unit value of the state subsidy guaranteed for three years through the Contingency Reserve; the guarantee will equalise over time. Council shall annually be requested approve that the net surpluses arising from this guarantee flow back to Faculties;	✓ Mutual agreement between RMT and Deans (Executive Management). Refer to <b>Annexure B</b> .
	iii) To determine the distribution factor (ratio of faculties' distribution from first and second funding stream) on a three year rolling basis. Although it is fixed for three years it can differ from year to year. The University must obtain benefit of scale on its overall costs;	✓ Factor remains fairly constant. Limited growth in Support & Institutional costs. Refer to <b>Slide 15</b> . Also refer to comments below regarding operational targets.
	iv) Backlog for growing faculties due to a year - 2 backlog in subsidy to be funded from Strategic Fund; and	✓ Additional funds were made available to faculties who performed well in 2013.
	v) Equalisation of <i>unforeseen</i> deviations from agreed input / output units through an Equalisation Fund. The Council are requested that the existing 10% Contingency Reserve be used to underwrite the initial claims against the Equalisation Fund until the Fund is strong enough to serve its purpose.	✓ Additional type of fund not created. Needs will be addressed from two current sources within the Strategic Component of the Main budget, namely Strategic Fund & Contingency Reserve.

SUGGESTIONS OF THE BUDGET TASK TEAM		2015 Budget
5	Limit funds in balance cost centres from first and second funding streams to 10% of annual budget in return for greater predictability in 4 above and surpluses to be used in the interests of the University as a whole. This can be reduced to 5% as the process is refined.	<ul style="list-style-type: none"> <li>✓ Will be evaluated at the end of 2014 as part of the determination of surpluses &amp; deficits. State of balance funds was taken into account when applications to the Strategic Fund was considered during the budget process.</li> </ul>
6	Support Service budgets are allocated according to existing cost drivers, but as functionally assessed for suitability and effectiveness.	<ul style="list-style-type: none"> <li>✓ Support Service budgets handled as in the past. There was limited growth in this block of the Main budget.</li> </ul>
7	Operational targets are determined on three-year rolling basis to increase predictability, but can vary annually.	<ul style="list-style-type: none"> <li>✓ Operational targets fixed for a 3-year period. Phasing in of 2015 difference between: <ul style="list-style-type: none"> <li>a) the allocation based on the 2014-allocation adjusted with amongst others the macro assumptions, Strategic Reserve awards and DRA's;</li> <li>b) the calculated allocation based on the budget model for 2015.</li> </ul> It is applied (phased in) on a cumulative distribution (40% in 2015, 70% in 2016 and 100% in 2017, i.e. the faculty's allocation increases / decreases). Refer to <b>Slides 24 - 25</b>.</li> </ul>
8	Use unit of measurement - FTE-SLE-CI-staff to develop deeper insight into long-term trends of the institution which makes mutual comparison between faculties as well as comparison of a faculty over time possible. It should flag the "stop doing" issues to management. The same measure is also used for support services.	<ul style="list-style-type: none"> <li>✓ Data is collected over time to identify trends. The FTE-SLE-CI-staff are also measured.</li> </ul>

SUGGESTIONS OF THE BUDGET TASK TEAM		2015 Budget
9	Combine the integrated budget and -reporting to Strategic Management Indicators and efficiency measurements to support business plans.	✓ SMIs are being refined and will be part of the Institutional Plan.
10	Summarise the integrated management report on single page to achieve simplicity and to increase focus on core measurement units.	✓ Refer to the one-page summary in <b>Annexure A3</b> .
11	Maintain status quo with investment income on surplus funds.	✓ Being applied as such.
12	Increase communication about and participation in budget process:	✓ Additional conversational forum was created through the Executive Management Meeting (RMT & Deans). During the process there have been several meetings where feedback was given to the Deans and where they gave input into the process and calculations. A forum for Faculty managers was also created with the Chief Operating Officer as chair and Finance's budget team, the Chief Director: Human Resources and Strategic Initiatives and Director of Human Resources present.
	i) Establish an Executive Management Meeting (RMT and Deans);	
	ii) Agreement with RMT on operational inputs and outputs (first step is an one-on-one);	
	iii) Guarantee of subsidy unit values by RMT;	
	iv) Agreement of Executive Management Meeting to manage the costs of the University as a whole on a sustainable basis;	
	v) Review all budgets at the Executive Management Meetings;	
	vi) Alignment of Income and Expense Strategies with the Institutional Intent and Strategy at the Executive Management Meeting;	
	vii) Discuss matters on the "stop-doing" list at the Executive Management Meetings; and	
	viii) Discuss strategic interventions, which should be limited, on Executive Management Meetings.	

**APPENDIX C – REAL OPERATIONAL TARGETS AS SUBMITTED TO THE STELLENBOSCH  
UNIVERSITY COUNCIL ON 30 NOVEMBER 2016**

YEAR	FACULTIES (REAL)										Cross subsidy Real 2017 Rand value
	ASC	SCIENCES	EDU	AGRI	LAW	THEOL	EMS	ENG	MHS	MS	
2005	28.50	-31.23	2.90	-31.26	13.19	5.78	75.90	-55.62	-11.23	3.07	-129.34
2006	26.65	-16.66	0.94	-28.74	12.15	8.65	70.50	-60.38	-13.11	-0.24	-119.14
2007	21.38	-13.90	-1.30	-21.23	12.95	-0.04	74.55	-54.69	-17.49	-0.23	-108.88
2008	-0.37	-17.33	-0.72	-5.59	5.38	1.60	60.80	-45.51	0.27	2.26	-69.52
2009	-0.37	-17.37	-0.73	-5.66	5.39	1.61	60.80	-46.21	0.27	2.26	-70.33
2010	-4.75	-13.65	-0.18	-1.94	4.47	0.72	53.61	-42.90	2.43	2.19	-63.42
2011	-15.96	-17.28	1.55	-9.83	-0.40	0.37	38.05	-30.90	31.87	2.52	-74.37
2012	-20.19	-16.63	-0.46	-10.30	-0.18	-1.61	41.68	-28.43	34.66	1.47	-77.80
2013	-21.85	-17.61	-0.80	-11.04	0.36	-1.63	42.73	-27.23	35.47	1.60	-80.16
2014	-20.67	-28.71	-4.83	-8.23	-2.85	10.09	29.07	-19.75	42.22	3.65	-85.04
2015	-21.17	-37.30	-7.61	-7.82	-4.43	-0.89	42.28	-12.68	48.16	1.46	-91.90
2016	-21.26	-27.73	-5.04	-7.42	-2.82	-1.16	34.43	-17.14	46.67	1.47	-82.57
2017	-23.13	-28.05	-4.89	-7.17	-2.85	-1.28	34.88	-16.68	47.70	1.46	-84.04
2018	-23.13	-28.05	-4.89	-7.17	-2.85	-1.28	34.88	-16.68	47.70	1.46	-84.04

# SD 6

SU Strategic  
Planning Cycle



	15 June 2018	Deans submit <b>Faculty environment plans (FEP)</b> for the coming year, aligned with SU Strategy and taking the RCs Environment Plans into account
5.	25 en 26 Jul 2018  25 and 26 Jul 2018	<p>Twee dae <b>Uitvoerende Bestuurdersvergadering (UBV)</b> bestaande uit die Rektorat en Dekane</p> <p><i>Doel:</i></p> <ul style="list-style-type: none"> <li>• Bepaal raamwerk vir begroting vir opvolgende jaar</li> <li>• Bespreek die Fakulteite en relevante professionele ondersteuningsomgewingsse Omgewingsplanne</li> <li>• Kom ooreen op 'n doenbare aantal prioriteite vir opvolgende jaar, en waarvolgens begroting toedeling geskied</li> </ul> <p><i>Two day <b>Executive Managers' Meeting (EMM)</b> consisting of the Rectorate and Deans</i></p> <p><i>Objectives:</i></p> <ul style="list-style-type: none"> <li>• <i>Determine budget framework for the next year</i></li> <li>• <i>Discuss the Environment Plans of the Faculties and relevant professional support services</i></li> <li>• <i>Agree on an achievable number of priorities for the coming year, and according to which the budget allocation will done</i></li> </ul>
6.	Sep 2018  Sep 2018	<p>Elke VR/Bedryfshoof (en die hoofdirekteur / senior direkteure wat direk aan hulle rapporteer) <b>bespreek</b> met elke Dekaan (en die visedekane en departementshoofde):</p> <ul style="list-style-type: none"> <li>• Hoe die aktiwiteite in VS se Omgewingsplan en die Fakulteit se Omgewingsplan mekaar wedersyds sal ondersteun</li> <li>• Konsultasie met dekane tov uitdagings in FOPs en belyning</li> </ul> <p><i>Every VR/Chief Operating Officer (and the chief directors / senior directors reporting directly to them) <b>discuss</b> with every Dean (and the vice-deans and departmental heads):</i></p> <ul style="list-style-type: none"> <li>• <i>How the activities in the RC Environment Plan and the Faculty Environment Plans mutually support one another</i></li> <li>• <i>Consultation with deans regarding challenges in the FEPs and alignment</i></li> </ul>
7.	15 Des 2018  15 Dec 2018	<ul style="list-style-type: none"> <li>• Opedateerde <b>Institusionele Plan</b> vir volgende jaar beskikbaar en ingedien by DHOO teen 15 Desember</li> <li>• Verantwoordelikhedsentra (Viserektore en Bedryfshoof) kom ooreen op kern besigheidsindikatore vir volgende jaar (institusioneel en fakulteite)</li> <li>• VS hoofde beplan vir Omgewingsplanne raamwerk vir die volgende jaar.</li> </ul> <ul style="list-style-type: none"> <li>• <i>Updated <b>Institutional Plan</b> for next year available and submitted to DHET by 15 December</i></li> <li>• <i>Responsibility Centra (Vice-Rectors and Chief Operating Officer) agree on key business indicators for the next year (Institutional and faculties)</i></li> <li>• <i>RC heads plan the framework for the Environment Plans for the next year</i></li> </ul>
<p>Hierdie sewe stap siklus vorm die kern proses van die US strategiese beplanning en herhaal jaarliks. <i>This seven step cycle forms the core process of strategic planning at SU and repeats annually.</i></p>		

# **SD 7**

Finance Division  
Environment Plan



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# **ENVIRONMENTAL PLAN FOR THE DIVISION FINANCE 2018 – 2023**

**Head:** Manie Lombard – Chief Director: Finance

**Date submitted:** 23 June 2017

# 1. INTRODUCTION AND CONTEXTUALISATION

## Introduction and context

The environmental plan for the Division Finance has the next planning and budgeting cycle in view and is presented against the background of the Rector's request of 5 June 2017. This document comprises a high-level summary of the structure of the functional areas within the Division Finance, as well as the Division's objectives for 2018 to 2023. It also indicates how the Division contributes towards the implementation of the University's overarching strategy as set out in SU's Institutional Plan 2017 – 2012, which is based on its Institutional Intent and Strategy 2013 – 2018 as approved by Council on 29 April 2013 and currently under revision.

This plan was developed by Management: Division Finance, taking into account input obtained from all staff members in the Division at strategic planning sessions, and building on initiatives that were launched based on the planning documents of previous years. The plan was adjusted further to align it with the discussions with individual faculties that the Chief Operating Officer and the sectional heads in his environment had held over the past few weeks.

The plan is written in summary style with the following in mind:

- to be aligned with SU's institutional objectives and strategic foci;
- to confirm that Finance, being a support service environment, strives to assist the faculties, other support environments and SU as a whole in achieving their strategic goals; and
- to ensure that the Division as a whole grow continuously in efficiency.

## Value proposition

The Division Finance is a support service environment that resorts under the Chief Operating Officer and that offers assistance with successful financial management and planning for sustainability at SU. The Division's core function is to support SU in pursuing its institutional objectives by ensuring that the necessary services and information be provided that contribute towards efficient business processes and the efficient and effective communication of financial information.

The Division provides this service to a wide spectrum of interest groups (clients), including the following:

- SU Council and other relevant subcommittees of Council;
- SU Management;
- staff at faculties and other support service environments;
- students and their parents;
- the Department of Higher Education and Training (DHET);
- local government;
- donors and funders; and
- suppliers.

The Division Finance's clients and their needs form the core of the Division's activities, which include:

- day to day financial transactions and management;
- financial planning and budgeting;
- financial reporting;
- acquisition services;
- management of student fees and loans;
- financial management of all SU's assets, including cash flow; and

- driving the implementation of the Mobility Plan.

As support service environment, the Division Finance plays a central role in pursuing the main objective of the current planning cycle, namely systemic sustainability. The Division is involved in the following core process (set out also in the Division’s objectives):

1. Task teams:

The Division is involved in the activities of 4 of the 12 task teams formed as an outcome of the Institutional Planning Forum in February 2017, the most important being the Budget Task Team. The 3 other task teams concerned are Viable Contracting, Indirect Costs Recovery Rate (ICRR) and Bursaries and Loans.

The Division also provides indirect support to several other task teams in the form of management and other financial information.

2. Compiling the SU budget according to the approved budgetary model:

The Division is directly involved in compiling the integrated budget and, therefore, the communication of relevant management information as motivation for decisions and proposals.

The diagram below sets out the operational structure of the Division Finance:



Figure 1: Operational structure of the Division Finance

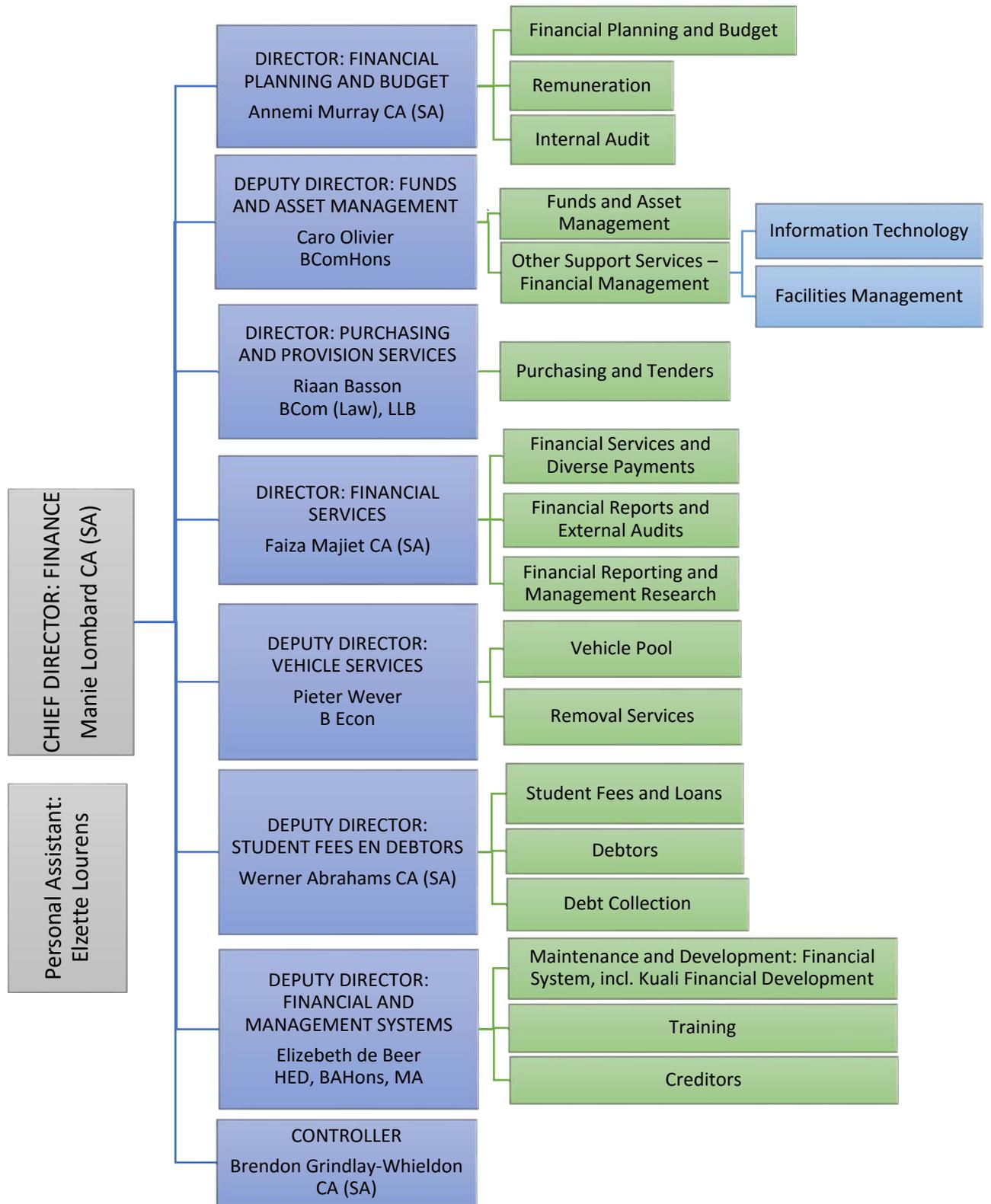


Figure 2: Operational structure of the Division Finance

## 2. DIVISION FINANCE OBJECTIVES

The Division continuously evaluates and aligns its objectives and implementation plans with a view to contribute to the implementation of SU's institutional objectives according to the approved Institutional Plan and Institutional Intent and Strategy, as well as the environment plans from the faculties, other professional and administrative support environments, and other relevant interest groups, both internal and external.

During a strategic session for divisional heads within in the Division Finance on 24 April 2017, the objectives that follow were set for the short and the long term respectively. These objectives are built on those set in previous years, and have been expanded to accommodate new challenges that the Division has to face:

1. Plan for and assist with the implementation of SUNFin – formerly Quali Financials (KFS) – as well as the greater Systems Renewal Plan (SRP) according to approved ICT objectives, with a specific focus on financial integration and the accompanying internal controls.
2. Refine the integrated budgetary model for all five SU money streams according to the approved SU budgetary model, taking into account matters that the task team is reviewing.
3. Refine integrated reporting (including the half-year report) in accordance with the Guidelines for Reporting by Higher Education Institutions.
4. Conduct gap analysis to facilitate the implementation of King IV in accordance with the approved project plan for that, in order to ensure compliance as part of integrated reporting and good corporate control principles within SU.
5. Collect outstanding student fees and loans effectively and in compliance with the requirements of the Credit Act.
6. Anchor and further refine the Integrated Reassurance Plan (the IR Plan) together with Internal Audit and other role players.
7. Investment Management: Implement the decisions by the Investments Committee of Council – IC(C) – regarding the restructuring of SU's long-term investment strategy and mandate.
8. Investigate cashless environments as an alternative to current practice with a view to healthy financial management and security.
9. Manage cash flow and align cash flow projections with Council's approvals for the ICT Project as well as the Campus Renewal Project (CRP).
10. Provide sound financial management of the funds invested by Council in the following projects: ICT, CRP, Sport.
11. Distribute financial management information in support of effective financial planning and management decisions, working closely with the Division Institutional Research and Planning (IRP).

12. Develop a financial indicator for the SMIs.
13. Improve communication with staff as well as clients (both internal and external), which includes translating updates of Finance's website.
14. Communicate about the new BBBEE Code and how the impact of the new requirements will be managed.
15. Prepare for the quality audit (implement benchmarks).
16. Implement the SunRekords Project in the Division Finance.
17. During the revision phase, align the Division's environmental plan effectively with SU's new Institutional Intent and Strategy for submission to Council in November 2017, as well as with the current Institutional Plan and the objectives and management indicators that it contains.
18. Anchor systemic sustainability as well as social impact and transformation objectives in the core business/objectives of the Division Finance.
19. Expand the integrated plan to address SU's (and the town's) mobility challenges.

### **3. OVERVIEW 2016/1017**

The Division Finance has succeeded in filling several critical senior positions, which had been vacant for various reasons, this year. These positions include the Deputy Director: Student Fees and Debtors and the Deputy Director: Funds and Assets, as well as the newly instituted position of Controller. Additional capacity was created by appointing two new accountants, who are seconded to Maties Sport and InnovUS respectively.

It was decided that the Division Commercial Services, which used to resort under the Division Finance, should be transferred to InnovUS under the supervision of the RMT. The Director: Commercial Services now reports to the Senior Director: Innovation and Business Development. Both divisions report to the Chief Operating Officer. The purpose of the transfer is to expand and to integrate SU's fifth money stream.

The #FeesMustFall campaign and the activities of the resulting presidential commission posed many additional challenges and requests, particularly to the Division Student Fees. However, thanks to good collaboration among the relevant environments within the Division Finance as well as other divisions at SU and stakeholders, the Division has succeed in handling and managing those challenges effectively.

Despite many challenges, the Division successfully delivered on the objectives set during the previous planning cycle. Most objectives stretch over a number of years, focusing every year on refining processes, integrating them better and optimising them. What follows is a brief progress report on selected core objectives set out in the previous year's plan as reported by the Chief Operating Officer to Council in December 2016.

Plan for the implementation of Quali Financials according to approved ICT objectives.

The investigation into the new operating system (formerly KFS, now SUNFin) as part of the greater SRP within the framework of the total ICT Project is progressing well. The core risk to be addressed is

the dated financial operating system which SU is using and for which support is becoming less readily available. A project manager was appointed as from August 2016. The incumbent will play a cardinal role in coordinating the SUNFin, Phambili (Facilities Management) and Student System (CS) projects. The implementation timeline for the SUNFin Project is planned for 2017 to 2019, January 2020 being the target date for transferral.

Refine the integrated budgetary model further for all five money streams at SU according to the University's approved budgetary model.

The budgeting process was characterised by the number of challenges that had resulted from the #FeesMustFall campaign in 2016. The budget approved by Council in November 2016 is unsustainable and shortfalls can be foreseen for the planning horizon 2018 to 2022. The proposed changes to higher education funding that are expected to result from the new subsidy formula and the outcome of the presidential commission on student fees will determine which material intercessions will have to be made in 2017 in order to provide for these projected shortfalls based on current assumptions and activities.

In February 2017, the Institutional Planning Forum (IPF) requested that SU's budgetary model be refined, too, as regards the distribution factor, cost drivers and operational targets. A task team was appointed to inquire whether those measures would be the best, or whether other indicators should be used instead. The budgetary task team's mandate has been expanded since the IBF, and activities have already been launched. The 2018 budget may already reflect the impact of certain actions.

Another focus point is that the ICRR must be recovered regarding all income from the third and fifth money streams. Extending the ICRR to calculate SU's brand name into the equation is being considered. A task team has been appointed for this purpose, too (and will collaborate with the Division for Research Development, who are the owners of the ICRR Policy).

Develop a fully integrated reassurance plan together with Internal Audit and other role players.

SU's risk management processes was reviewed and refined with the aid of Deloitte. The Risk Management Policy (approved in November 2015) and the subsequent Risk Management Framework and Plan (approved by the Audit and Risk Committee of Council – ORC(C) – on 17 October 2016 already) now form the basis for SU's IR Plan, which was developed in consultation with Deloitte and other role players, and which served before the ORC on 18 May 2017. This version will continue to be refined, and will serve as SU's anchored risk management model. At the additional ORC meeting of 13 November 2017, which will focus specifically on risk management matters, the proposals for risk appetite setting will be discussed, thereby bringing SU's risk management model to an advanced maturity level. The model focuses also on communication about and training in the application of SU's revised Institutional Risk Register and risk management.

Investment Management: Implement the decisions of the IC(C).

On 16 November 2015, the IC(C) approved that R1 billion of SU's long-term investment portfolio be transferred to a new, third long-term investment portfolio which would consist of investments in growth assets only and for which purpose eight new specialist asset managers would be appointed for foreign investments.

On 23 May 2016, a new medium-term portfolio was approved at the fund managers SU has been using, Allan Gray and Coronation, for managing the funds required over the next three to five years for the CRP.

## 4. ALIGNMENT WITH SU'S INSTITUTIONAL PLAN

### Broadening access

Although the Division Finance is not directly involved in SU's recruitment and selection actions, it does play an important supporting role managing and carrying the financial accountability for enrolment planning. The outcomes of enrolment planning are reflected in the budgetary model and allocations in subsequent years. Enrolment planning has implications for the awarding of subsidies, too (in the form of penalisation), should SU move beyond the agreed limits. However, SU does not receive additional subsidies if more students should enrol than agreed with the DHET. The function of the Division Finance is to communicate management information to faculties for the purpose of managing enrolment planning processes and pipelines, and of keeping in mind the impact that the outcomes would have on faculties' budgets for subsidies and student fees. In the past few years, faculties' enrolment figures have moved much closer towards the planned targets.

The state of faculties' student fees income against budget as on 31 March 2017 is set out below:

Departments	2017 Income from Tuition Fees as on 31 March 2017			2017 Budgeted Income from Tuition Fees				
	UG	PG	Total	UG	PG	Total	2017 Real vs. Budgeted (R)	2017 Real vs. Budgeted (%)
AgriSciences	R 30 617 872	R 8 951 126	R 39 568 998	R 31 667 522	R 8 136 431	R 39 803 954	R -234 955	-0.59%
Economic and Management Sciences	R 178 947 307	R 67 430 600	R 246 377 907	R 178 283 545	R 62 382 483	R 240 666 029	R 5 711 879	2.37%
Medicine and Health Sciences	R 107 786 727	R 20 677 923	R 128 464 649	R 108 852 097	R 21 346 471	R 130 198 568	R -1 733 918	-1.33%
Engineering	R 86 623 145	R 20 620 149	R 107 243 294	R 85 325 012	R 21 896 601	R 107 221 613	R 21 681	0.02%
Military Science	R 3 961 260	R 630 625	R 4 591 885	R 4 247 236	R 524 672	R 4 771 908	R -180 023	-3.77%
Arts and Social Sciences	R 115 629 959	R 21 564 377	R 137 194 336	R 109 239 403	R 21 955 246	R 131 194 649	R 5 999 687	4.57%
Science	R 122 846 556	R 11 227 362	R 134 073 918	R 108 902 410	R 11 607 233	R 120 509 643	R 13 564 274	11.26%
Education	R 27 976 762	R 14 746 942	R 42 723 704	R 26 184 131	R 10 733 079	R 36 917 210	R 5 806 494	15.73%
Law	R 37 781 674	R 4 230 573	R 42 012 247	R 38 922 875	R 4 066 153	R 42 989 027	R -976 780	-2.27%
Theology	R 5 358 858	R 3 456 983	R 8 815 841	R 5 866 620	R 3 489 259	R 9 355 880	R -540 039	-5.77%
<b>TOTAL: SU</b>	<b>R 717 530 120</b>	<b>R 173 536 661</b>	<b>R 891 066 781</b>	<b>R 697 490 851</b>	<b>R 166 137 630</b>	<b>R 863 628 481</b>	<b>R 27 438 300</b>	<b>3.18%</b>

The Division Finance also serves the student community by managing payment options and outstanding debts effectively. In the past few years, the subdivision Student Fees established proactive measures to support students regarding financial challenges, thereby contributing to SU's objective of broadened access. A number of actions were taken to offer students alternative payment options. This has delivered good results over the past two years, improving the processes during registration in particular.

Other actions include improving awareness among students of the various student fees policies by means of posters, e-mails and SMS reminders, as well as refining and improving processes, and updating policies and guideline documents regarding the management and recovery of debts. All of this resulted in student debts being managed at acceptable levels.

Also, expanded communication and dialogue with students and student communities informed the budgeting process. In the past year, representatives from the Division Finance presented information in various forums on a variety of topics; the intention being to empower students with information that will allow them to contribute meaningfully to the budgeting process. The topics included SU's budgetary model, the adjusted composition of student fees and a broad introduction to SU's financial statements and state.

## **Campus Renewal Plan**

Facilities Management is responsible for the management of the CRP, but the Division Finance fulfils an important function by managing allocated funds (in accordance with Council decisions) as well as cash flows. This is done in consultation with SU's investment consultants, Willis-Towers-Watson, and the IC(C). See also objectives 7 and 9 above.

## **5. SYSTEMIC TRANSFORMATION**

### **Strategy and alignment**

The Division Finance is committed to broadening diversity among its staff corps in accordance with SU's strategic focus on diversity with a view to make the University relevant and accessible to the broader South African community.

When vacancies open up, the Division always tries to make appointments with an eye on diversity. Even though we have succeed in making appointments at senior levels in the past year, achieving diversity remains a serious challenge. Despite the recruitment processes followed (in addition to the normal advertising process) for all senior positions (post levels 8 to 6), the Division struggles to attract candidates from the CBI group, particularly because of the salaries that SU offers. The Division Finance tries, within the limits of a restricted budget, to make appointments at 90% of the base remuneration levels (BRLs). Experience has taught, however, that more senior people in the financial sector can negotiate far better packages in the private sector. Even where appointments were made, the appointees treated their position as an entry into the labour market and started investigating other options within two years. Better positions are not always available within the Division to accommodate them, so we lose those staff members after a relatively short period.

### **Targets**

Staff numbers in the Division have remained constant over the past few years despite increased volumes and transactions, as well as stricter legislation and reporting and auditing requirements that SU has to comply with.

Currently, there are 140 posts in the Division, 134 of which are filled at the time of reporting (June 2017). The 6 vacancies occurred recently because of resignations and staff who had moved to other environments. All these posts are already being advertised or at the interviews stage. Thirteen staff members will retire within the next five years. Succession planning is already in process regarding critical areas.

Figure 3 shows the current staff profile according to gender. Of the 134 posts that are filled, 50% of the incumbents are women and 50% are men.

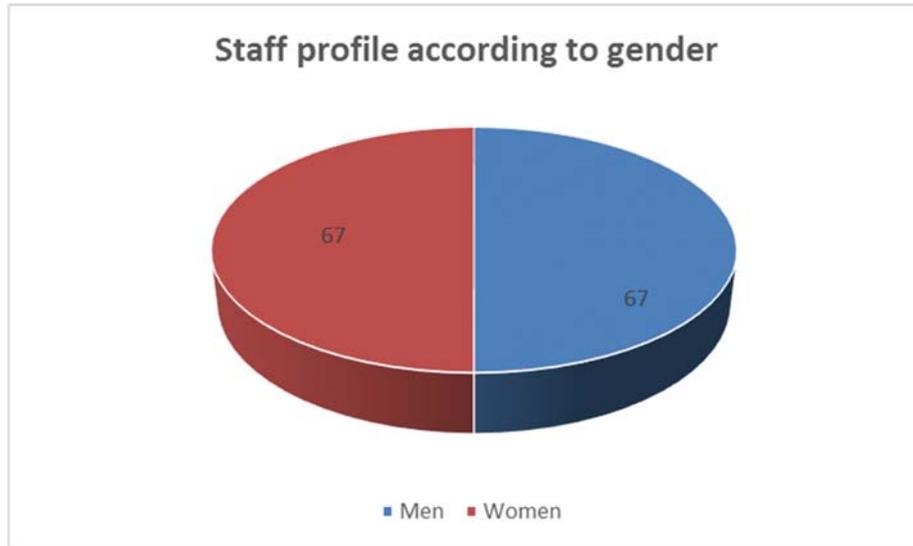


Figure 3: Staff profile according to gender

Figure 4 shows the current staff profile according to race. Of the 134 posts that are filled, 62% of the incumbents are CBI and 38% are white.

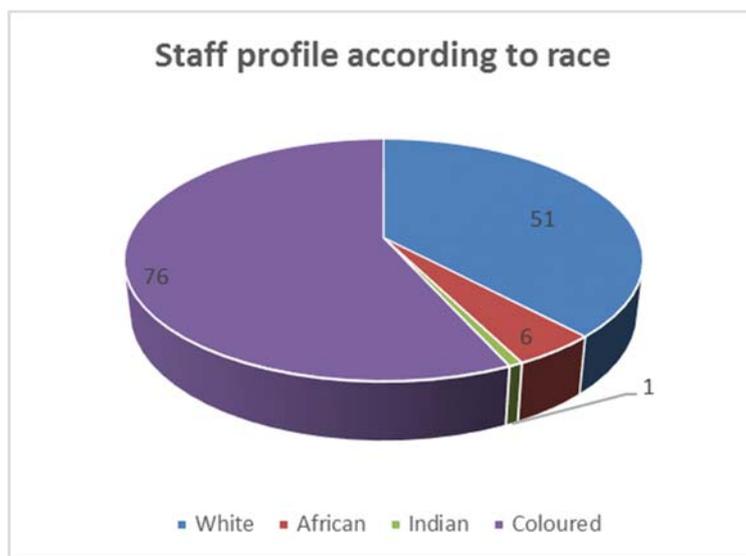


Figure 4: Staff profile according to race

Compared against the targets as per the SMIs for the University, the Division performs as follows:

	2017	2018	Finance currently (2017)
Profile of permanent staff (% BCI)	47.60%	49.40%	61.94%
Profile of permanent staff (% Women)	57.60%	58.40%	50.00%

## 6. SYSTEMIC SUSTAINABILITY

### Staff Plan

The Division will apply for strategic and balance funds to be made available that resort under the jurisdiction of the Chief Operating Officer and that have accumulated because of savings on remuneration within the Division Finance as well as the expected saving on remuneration for 2017.

Items that are to be funded from these strategic and balance funds include the following:

- provision for the payment of temporary salaries for critical posts of which the incumbents are on extended sick leave or maternity leave;
- provision for the payment of salaries regarding succession planning, where the salaries of outgoing staff may be paid only for a limited period for the purposes of an efficient handover, i.e. with no carry-through effect; and
- costing of ad hoc projects, such as the renewal of the Finance website with a view to promote communication within the Division as well as with external parties.

The Division's current staff plan is affordable at the current level of funding. Additional requests, especially for the purposes of succession planning, will be funded in the short term from savings in previous years for the implementation period of the succession plan concerned. Whenever a staff member retires or resigns, the specific post is considered to determine current needs and how the position could be put to optimal use. Also, the Division continuously reviews processes to ensure that staff be employed effectively.

We have only one vacancy that is maintained at acceptable levels for temporary bought-in employment.

### Employment Plan

A few additional needs remain that the Division hereby registers as requests for possible funding. These include the following:

- KFS/SUNFin Project: additional back-office assistance for the duration of the project. This could be funded by means of the ICT Project. Additional needs for back-office support in other subdivisions will be examined as the project progresses and key staff members become involved in its development. These posts can be funded on the short term from the ICT Project and balance funds.
- Buyer: an additional buyer to handle the increase in transactions and tenders for the CRP. This could be funded from the funding that Council allocated for the project.
- Student Fees and Debtors: additional assistance at an administrative level, especially regarding debt collection processes.
- Student Fees and Debtors: Seeing that four staff members will retire within the next three to five years, the Division Finance is already considering redistributing tasks and training staff within the subdivision Student Fees and Debtors with an eye to succession planning. Also,

Finance is considering expanding administrative assistance, especially regarding enquiries and administrative capacity at Tygerberg Campus.

- Accountants seconded to other divisions: Two vacancies having opened up recently, the needs and workload are being evaluated with reference to current needs, and the posts concerned will be advertised and filled accordingly.
- Impact of viable contracting: This is evaluated ad hoc per contract. Should the Division Finance decide that services be contracted in for the purposes of a specific contract, the effect on the subdivisions Purchasing and Financial Services will be considered.

## **7. RISK MANAGEMENT**

The Division is committed to the complete anchoring of SU's Risk Management Policy and risk management model within the Division Finance. Risk management information is communicated and awareness is raised continuously within the various subdivisions, and implementing and evaluating such management is integrated in the daily activities of the Division as a whole.

The greatest risks that would result specifically in the Division (like other PASS environments) not delivering completely against set targets include insufficient capacity to meet all expectations (volumes, legislation and regulations) while maintaining staff wellness. Linked to the above are the retention of key staff members and expansion of the knowledge base within the various subdivisions.

At macro level, the Division Finance also fulfils an important supporting role in ensuring the overarching financial sustainability of the University as a whole. This includes following thorough budgeting processes and implementing good corporate control that result in unqualified audits.

The Division has registered the revision of the formula for state subsidies as a financial risk because of the material impact that an adjustment to the formula could have on the University's financial sustainability. The full impact of the new subsidy formula cannot be determined at this stage, in the light of current indications that a draft proposal by the DHET was discussed at a workshop for universities on 11 and 12 May, for implementation possibly by 2020.

SU's 2017 budget, as approved by Council on 28 November 2016, is financially unsustainable, with shortfalls foreseen by 2018. Therefore, the 2017 budget was a one-year solution; given all the uncertainties regarding student fees and subsidies, a standpoint regarding the long term cannot be offered. However, once a higher degree of certainty has been obtained about funding for higher education (subsidies and student fees), actions must be launched in 2017 with an eye to covering the foreseen shortfalls and ensuring future sustainability. In the meantime, Management is taking serious measures to obtain sustainable savings without limiting the academic project or compromising on quality. Some of these actions have already resulted in two task teams being compiled, the activities and outcomes of which will inform the budgeting process. Both task teams received an approved mandate and have already begun operating. One team must examine the ICRR Policy and its calculation with a view to refining and possibly increasing the rate. The other team must examine various aspects of the budgetary model, including the impact of the new subsidy formula.

Certain aspects or outcomes of the task teams' efforts will already be calculated into the 2018 budget, but the new subsidy formula is expected to impact on the budget for 2020 only (year n+2 base).

## 8. IN CONCLUSION

As regards the main objective of this planning cycle (2018 – 2023), i.e. sustainability, the Division Finance can contribute specifically by facilitating good long-term financial planning and budgeting processes; by drafting a policy and procedures that will contribute to good corporate management and cost-saving initiatives; applying a strategic purchasing process focused particularly on sustainability (as regards the Institution as well as its environments); and by establishing sound financial and management systems in collaboration with the Division Information Technology.

Achieving the above-mentioned objectives requires the following:

- sustained focus on skills development among Division Finance staff members with a view to provide other environments with continuously enhanced support;
- refinement of Finance's reporting processes and communication of relevant management information, which will contribute towards effective long-term planning for sustainability;
- the establishment of a culture of professionalism and excellence within the Division with a view to delivering on objectives set in the specific environmental plan;
- continuous evaluation of the levels of service delivered by Finance to other environments by means of effective support agreements that are revised every two years, and periodic measuring of Finance as a division by means of the quality auditing process and the subsequent follow-up reporting process; and
- increased capacity in order to meet the University's current as well as developing needs.

The Division Finance also commits itself to these objectives and the implementation of the above with a view to promote continuously enhanced service delivery to internal and external clients in pursuing SU's institutional objectives.

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HAI Lombard

23 June 2017

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# SD 8

Survey  
Questionnaires

## **PROPOSED CRITERIA**

In order to critically evaluate the divisional performance against the Baldrige Model the following criteria was developed for the questionnaire that. These questions are identical to those used in the 2010 cycle. This was purposely done to benchmark our performance against the results obtained in that cycle.

### **General questionnaire**

1. Finance makes an important contribution to the University's institutional goals.
2. You need the support and assistance of Finance in order to take good strategic management decisions.
3. You regard the contribution of Finance to the effective functioning of the University as indispensable.
4. Finance is successful in its coordination of sustainable financial planning at the University.
5. The division is accessible and it is easy and quick to get information and advice from Finance.
6. You have confidence in the advice and information provided by Finance.
7. The staff of Finance are helpful and focused on good service rendering.
8. Finance generally appears to be a well-functioning division.
9. The staff of Finance have specialized expertise and competence with regard to their respective spheres of work.
10. Finance develops policies through which responsible financial control is effected in terms of international accounting and auditing standards.
11. The staff of Finance are informed on the content of the relevant policies and apply these consistently.
12. Communication with clients is professional, timely and understandable.
13. The staff of Finance understand the needs of their clients (academics, students and support services) on the campus.
14. Finance facilitates a participatory budget process on campus during which all environments are given an opportunity to provide inputs.
15. Finance supports and promotes the achievement of the environment plan objectives of faculties/service divisions.
16. Finance ensures that the budget is driven by SU strategies and that it is financially sustainable.

### **Student questionnaire**

1. You regard the contribution of Finance to the effective functioning of the University as indispensable.
2. The division is accessible and it is easy and quick to get information and advice from Finance.
3. You have confidence in the advice and information provided by Finance.
4. The staff of Finance are helpful and focused on good service rendering.
5. Finance generally appears to be a well-functioning division.
6. The staff of Finance have specialized expertise and competence with regard to their respective spheres of work.
7. Communication with clients is professional, timely and understandable.
8. The staff of Finance understand the needs of their clients (academics, students and support services) on the campus.

### **External supplier questionnaire**

1. Orders received are complete and accurate.
2. Delivery points are accessible.
3. There are good channels of communication with the Finance Division and its relevant Subdivisions.
4. Tender processes and purchasing processes are transparent.
5. Staff are professional in their conduct and communication.
6. Staff respond quickly to requests for information with regard to orders and payments for goods and services.
7. Stellenbosch University adheres strictly to supplier payment terms.

### **Debtors review questionnaire**

1. The division is accessible and it is easy and quick to get information from the debtors department.
2. The debtor's staff are helpful and focused on good service rendering.
3. The debtor's staff have specialised expertise and competence with regard to their respective spheres of work.
4. Communication with clients is professional, timely and understandable.
5. Debtors generally appears to be a well-functioning division.

# SD 9

Student Fees  
Comparison

**COMPARISON OF ESTIMATED STUDENT FEES FOR 2018 PER DEGREE FOR FIRST YEAR OF STUDY (UNDERGRADUATE),  
AND PER PROGRAMME (POSTGRADUATE: MASTER'S 2 yrs, PhD's 3 yrs) - Research Oriented Universities**

LEGEND	MOST EXPENSIVE	ABOVE AVERAGE BUT NOT MOST EXPENSIVE	CLOSER TO AVERAGE THAN MOST EXPENSIVE	CLOSER TO LOWEST COST OR LOWEST COST	University (estimated average)							US Deviation from average minus UV & UWC	
					UP 2018	WITS 2018	UCT 2018	US 2018	UJ 2018	NWU 2018	KZN 2018		Average minus UV & UWC
					Undergraduate Degrees first year of study								2018
Arts & Social Sciences	8+4 =12%	BA SOCIAL WORK	R 35 424	R 46 609	R 53 654	R 39 683	R 43 168	R 40 871	R 48 965	R 44 054	-R 4 371		
		BA ARTS	R 35 645	R 44 883	R 53 654	R 39 779	R 35 237	R 41 681	R 53 491	R 43 482	-R 3 703		
		BA THEATRE & PERFORMANCE	R 39 179	R 43 962	R 65 902	R 38 425	R 55 976		R 44 638	R 48 014	-R 9 569		
		B MUS	R 40 672	R 42 877	R 60 663	R 43 436		R 56 783	R 47 671	R 48 515	-R 5 079		
		BA FINE ARTS	R 44 918	R 47 904	R 60 070	R 38 650	R 45 560	R 42 673	R 42 084	R 45 980	-R 7 330		
		BCOM ECONOMICS	R 42 760	R 55 077	R 65 680	R 39 212	R 35 202	R 46 644	R 45 688	R 47 181	-R 7 969		
		BCOM ACCOUNTING SCIENCE	R 35 179	R 48 289	R 58 530	R 42 768	R 44 370	R 46 644	R 43 728	R 45 644	-R 2 876		
		BCOM FINANCIAL ACCOUNTING	R 35 179		R 58 530	R 40 012	R 44 370	R 46 644	R 43 728	R 44 744	-R 4 732		
		BCOM ACTUARIAL SCIENCES (BSc @ UP & NWU)	R 47 018		R 73 040	R 58 942		R 52 669		R 57 917	R 1 025		
		BCOM MANAGEMENT SCIENCES	R 39 004		R 72 422	R 39 745	R 40 684		R 40 089	R 46 389	-R 6 644		
Economic and Management Sciences	8+7 =15%	BCOM LAW	R 46 808		R 58 530	R 50 573	R 35 575	R 46 761		R 47 649	R 2 924		
		B ACCOUNTING			R 65 680	R 44 804	R 44 370	R 48 470		R 50 831	-R 6 027		
		BSC GEOLOGY	R 47 951	R 47 916	R 58 320	R 51 065	R 54 646	R 46 528	R 41 022	R 49 635	R 1 430		
		BSC ZOOLOGY/ANIMAL SCIENCE	R 48 079	R 47 916	R 58 320	R 47 573	R 54 646	R 46 528	R 40 871	R 49 133	-R 1 560		
		BSC MATHEMATICAL SCIENCES	R 49 304	R 47 916	R 58 320	R 42 840	R 45 385		R 40 707	R 47 412	-R 4 572		
		BED (SU New programme)	R 38 946	R 34 549		R 37 605	R 40 684	R 37 972	R 39 483	R 38 206	-R 601		
		LLB 4 YR	R 39 704	R 37 873	R 54 144	R 45 757	R 40 684	R 45 134	R 42 574	R 43 696	R 2 061		
		B DIV / BTH	R 36 742			R 40 011		R 39 529	R 42 830	R 39 778	R 2 233		
		B ENG CIVIL ENGINEERING	R 44 405	R 51 508	R 61 318	R 56 219	R 50 902	R 52 208	R 45 665	R 51 746	R 4 473		
		B ENG MECHANICAL ENGINEERING	R 43 950	R 51 508	R 62 204	R 55 964	R 50 902	R 52 208	R 46 656	R 51 913	R 4 051		
Engineering	8%	B ENG CHEMICAL ENGINEERING	R 49 884	R 51 508	R 60 210	R 56 222	R 50 902	R 52 208	R 45 665	R 52 368	R 3 853		
		B ENG ELECTRICAL ENGINEERING	R 44 323	R 51 508	R 60 653	R 55 964	R 50 902	R 52 208	R 45 863	R 51 632	R 4 332		
		B ENG MECHATRONICS		R 51 508	R 60 606	R 55 964				R 56 026	-R 62		
		B ENG INDUSTRIAL ENGINEERING	R 43 950	R 51 508		R 55 964	R 50 902	R 52 208		R 50 906	R 5 058		
		MBCHB (SU: smoothed 3.7% + 8%)	R 59 801	R 67 814	R 75 081	R 59 939			R 51 578	R 62 843	-R 2 904		
		B OCCUPATIONAL THERAPY	R 56 244	R 50 633	R 59 836	R 45 002			R 49 187	R 52 181	-R 7 178		
		B OF SPEECH LANGUAGE & HEARING THERAPY		R 42 982	R 65 517	R 42 688			R 44 417	R 48 901	-R 6 213		
		BSC DIETETICS	R 54 016			R 47 110			R 40 976	R 47 367	-R 257		
		BSC PHYSIOTHERAPY	R 47 577	R 49 770	R 56 710	R 45 329			R 48 347	R 49 547	-R 4 218		
		BSC FOOD SCIENCE	R 48 079			R 45 516			R 41 256	R 44 950	R 566		
Medicine & Health Sciences	Smoothed %	BSC AGRICULTURAL ECONOMICS	R 43 635			R 44 630		R 41 431	R 43 232	R 1 398			
		BSC AGRIC ANIMAL SCIENCES	R 48 137			R 45 598		R 41 594	R 45 110	R 488			
		BSC AGRIC PLANT & SOIL SCIENCES	R 48 079			R 43 985			R 46 189	R 46 084	-R 2 100		
		BSC AGRIC	R 46 618			R 43 014			R 40 112	R 43 248	-R 234		
		Average per institution of basket of programmes	R 44 554	R 48 455	R 61 503	R 45 579	R 45 753	R 47 279	R 44 362	R 48 212	-R 2 633		
		Position of institution according to average	6	2	1	5	4	3	7				

Additional information: UJ offers a minimum or maximum amount as fees for a broad spectrum of focus areas of a programme, and not necessarily specifically for each focus area of, e.g. Humanities: R31 500 - R38 800 and R41 000 - R55 700 for programmes with specialized practical training.

LEGEND	MOST EXPENSIVE	ABOVE AVERAGE BUT NOT MOST EXPENSIVE	CLOSER TO AVERAGE THAN MOST	CLOSER TO LOWEST COST OR LOWEST COST
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2018

Increase requested & applied	Postgraduate Degrees per programme (Hons: 1 yr, M: 2yrs - Research/Dissertation, PHD: 3yrs) (AVERAGE)	UP 2018	WITS 2018	UCT 2018	US 2018	UU 2018	NWU 2018	KZN 2018	Average minus UV & UWC	US Deviation from average minus UV & UWC*		
Arts & Social Sciences	8%	BA HONS	R 31 959	R 33 779	R 39 541	R 35 502	R 32 543	R 35 768	R 27 282	R 33 768	R 1 734	
		BHONS	R 37 325		R 42 060			R 33 843	R 27 282	R 35 128		
		BDRAM HONS	R 37 325		R 39 529	R 42 471	R 39 039		R 27 282	R 37 129	R 5 342	
		BA HONS FINE ARTS (ILLUSTRATION)	R 37 325				R 39 039		R 27 282	R 34 549		
		MA SOCIAL WORK (2yrs)	R 39 098	R 44 498	R 52 056	R 39 841	R 34 899	R 34 269	R 33 161	R 39 689	R 152	
		MA ARTS (2yrs)	R 32 659	R 35 039	R 53 631	R 39 541	R 34 899	R 34 269	R 33 161	R 37 600	R 1 941	
		MA DRAMA (2yrs)	R 35 482	R 39 669	R 52 056	R 39 251	R 34 899	R 34 269	R 33 161	R 39 086	R 164	
		MMUS (2yrs)	R 35 482	R 35 039	R 53 631	R 39 251	R 34 899	R 34 269	R 33 161	R 38 472	R 779	
		MA FINE ARTS (2yrs)	R 35 482	R 50 237	R 53 631	R 39 251	R 34 899	R 34 269	R 33 161	R 40 133	-R 882	
		PHD ARTS (3 yrs)	R 52 488	R 55 112	R 57 807	R 44 029	R 51 742	R 54 168	R 51 690	R 52 434	-R 8 404	
Science	8%	BSC HONS	R 39 424	R 36 473	R 53 071	R 42 774	R 45 536	R 38 141	R 32 321	R 41 106	R 1 668	
		MSC GEOLOGY (2 yrs)	R 32 659	R 35 260	R 53 654	R 32 941	R 34 899	R 47 146	R 38 476	R 39 291	-R 6 350	
		MSC ZOOLOGY (2 yrs)	R 32 659	R 35 260	R 53 654	R 32 059	R 34 899	R 47 146	R 38 476	R 39 165	-R 7 106	
		MSC MATHEMATICS (2 yrs)	R 32 659	R 35 260	R 53 654	R 32 354	R 34 899	R 47 146	R 38 476	R 39 207	-R 6 853	
		PHD SCIENCES (3 yrs)	R 52 488	R 33 802	R 57 807	R 41 675	R 51 742	R 49 566	R 56 566	R 49 092	-R 7 417	
		BED HONS	R 31 085	R 31 749	R 35 832	R 41 837	R 32 543	R 32 764	R 27 282	R 33 299	R 8 538	
		MED (2yrs)	R 33 942	R 33 651	R 52 056	R 38 190	R 34 899	R 34 269	R 38 476	R 37 926	R 264	
		PHD EDUCATION	R 52 488	R 54 051	R 57 807	R 53 745	R 51 742	R 54 168	R 51 690	R 53 670	R 75	
		BSC AGRIC HONS	R 39 424			R 44 034			R 32 321	R 38 593	R 5 441	
		MSC AGRIC (2 yrs)	R 34 992			R 33 281			R 38 476	R 35 583	-R 2 302	
Agr-Sciences	8%	PHD AGRIC (3 yrs)	R 52 488						R 49 738	R 56 566	-R 9 578	
		LLM (2yrs)	R 32 659	R 28 822	R 31 819	R 34 154	R 25 752	R 39 401	R 31 161	R 32 253	R 1 901	
		LLD (3 yrs)	R 52 488	R 31 143	R 57 947	R 52 837	R 51 742	R 54 168	R 51 690	R 50 288	R 2 549	
		MTH / MDIV (2 yrs)	R 38 806			R 38 419		R 34 269	R 33 161	R 36 164	R 2 255	
		PHD THEOLOGY (3 yrs)	R 52 488			R 46 374		R 54 168	R 51 690	R 51 180	-R 4 806	
		BCOM HONS	R 29 976	R 58 752	R 66 345	R 37 270	R 39 039	R 40 614	R 29 545	R 43 077	-R 5 807	
		BCOM HONS ACTUARIAL SCIENCES			R 42 679	R 43 507	R 39 039			R 41 742	R 1 765	
		BACC HONS	R 29 976		R 73 227	R 38 635	R 39 039	R 37 850	R 36 917	R 42 607	-R 3 972	
		MCOM ECONOMICS (2 yrs)	R 32 659	R 34 397	R 103 203	R 34 172	R 34 899	R 34 269	R 38 476	R 44 582	-R 10 410	
		MCOM TAXATION (2 yrs)	R 32 659		R 105 559	R 38 336	R 34 899	R 34 269		R 49 144	-R 10 808	
Economic & Management Sciences	8+4=12%	MCOM ACTUARIAL SCIENCES (2 yrs)			R 94 163	R 44 454			R 57 839	-R 13 385		
		PHD (3 yrs) COMMERCE (su: new cost structure)	R 52 488	R 35 155	R 57 807	R 60 473	R 51 742	R 54 168	R 51 690	R 51 832	R 8 541	
		MENG (2 yrs)	R 32 659	R 42 725	R 64 852	R 51 296	R 32 648	R 34 269	R 38 476	R 42 418	R 8 878	
		PHD ENGINEERING (3 yrs)	R 52 488	R 67 663	R 57 807	R 70 369	R 51 742	R 54 168	R 56 566	R 58 686	R 11 683	
		PHD ENGINEERING Part time (4 yrs: 3 too short)	R 52 488	R 45 128	R 57 807	R 61 629	R 51 742	R 54 168	R 56 566	R 54 218	R 7 411	
		M IN PHYSIOTHERAPY (2 yrs)	R 32 659	R 44 743	R 54 856	R 37 138				R 42 349	-R 5 211	
		MIMED (4 yrs) (SU: 8%+8% = 16%)	R 65 318	R 83 724	R 60 175	R 61 222				R 64 875	-R 3 653	
		PHD HEALTH SCIENCES (3 yrs)	R 52 488	R 38 876	R 57 807	R 61 913	R 51 742			R 53 936	R 8 681	
		Average per institution of basket of programs	R 40 312	R 42 308	R 57 735	R 43 455	R 40 070	R 42 110	R 40 123	R 43 717	R 53 232	-R 262
		Position of institution according to average		5	3	1	2	7	4	6		

Additional information: The structure of fees differs between the institutions regarding amounts of the fees in years of continuation of study/research. It would therefore be more realistic to compare the total fees per programme over a set period of time, hence this approach (M over a period of 2 years, and PhD over a period of three years).

\*Note: US Deviation from average - Amounts in red indicate where the cost is more than the average for all universities

# SD 10

Website  
Comparison



WELKOM BY

# Afdeling Finansies

## NEW WEBPAGE



ENGLISH

Search this site

Meeste Gesoek

## Staff



### Purchasing

Split by:

- Purchasing of Products and Services
- Purchasing and Selling Liquor
- Relocation Services
- Academic Textbooks



### Accounting

Includes:

- Booking of Entities falling outside SU
- Journals
- Financial Reporting and auditing
- Audit fees



### Assets

Includes:

- Asset Management
- Asset Inventories
- Private telephone calls and internet usage
- Cell phone and data cards



### Banking Services

Includes:

- Credit Cards
- Bank Accounts
- Banking Institutions



### Budget Management

- Strategic Funding



### Finance Fundamentals

Split by:

- Cost Centres
- Centre Buro Institute
- Organisational Units
- Commitments
- Financial Management



### Fund Management

Includes:

- Investments



### Governance

Split by:

- Legal Entities
- Risk Identification and Management
- Corporate Governance
- Internal Control



### Income

Split by:

- Conferences & Congresses
- Donations
- Debtors
- Hiring of Sport Facilities



### Internal Regulations

Split by:

- Gifts
- Internal Loans
- Rector's Award for Excellence
- Membership of Professional Associations
- Injury on Duty
- Printing Cartridges



### Payments

Split by:

- Petty Cash
- Cheque & EFT
- Accounts Payable
- Advancements
- Foreign Payments
- Interdepartmental Transactions



### Travel and Entertainment

Includes:

- Entertainment
- Travel & Accommodation



### Research Grants

Split by:

- Research Finances
- Publication Funds
- Full Cost
- National Research Foundation (NRF)



### Student Fees and Loans

Includes:

- Student Fees



### SunFin

Split by:

- SunFin Access
- SunFin Training



### Tax

Includes:

- Value Added Tax (VAT)
- Tax Compliance
- VAT Registration
- Tax Certificates (IRP5 and IT3)
- Tax Clearance Certificate



### Insurance

Includes:

- Insurance



### Remuneration

Includes:

- Remuneration



### Payments to SU

Includes:

- Payment methods to SU



### Transport Services

[Click HERE to go to website](#)



- [Finansiële Dienste](#)
- [Finansiële & Bestuurstelsels](#)
- [Finansiële Beplanning & Batebestuur](#)
- [Debiteure](#)
- [Finansies Gesondheidswetenskappe](#)
- [Finansies USB](#)
- [Beleggingsbestuur](#)
- [Aankope & Voorzieningsdienste](#)
- [Vergoeding](#)
- [English](#)
- [Studentegelede](#)
- [Tuis](#)

FINANSIËLE BELEID  
AFLAARBARE  
DOKUMENTE  
US TUISBLAD  
BESTUUR  
KONTAK ONS

Welkom by Afdeling Finansies, waar ons deur ons onderskeie afdelings 'n ondersteuningsdiens lewer aan beide studente en personeel.

Die finansies funksie (wat deur 60+ mense uitgevoer word) behels:

- finansiële beplanning;
- [finansiële verslagdoening](#) (insluitende die van 'n statutêre aard);
- die ontwerp en beheer van die jaarlikse begroting;
- die ontwikkeling en toepassing van gesonde finansiële beleide;
- die bestuur; koördinering en toepassing van gesonde ouditeringsbeleide en -prosedures;
- die vasstelling en administrering van [studentegelede- en lenings](#);
- die beheer van personeelvergoedingsbetalings, debiteure, krediteure, bates en laste; fondse-, beleggings- en bankadministrasie;
- die ontwikkeling en instandhouding van finansiële stelsels; en
- finansiële bestuursopleiding.



Ons streef daarna om met gehalte personeel ons bes te doen om 'n dinamiese rol te speel aangaande innoverende gebruikersuiteette en kundige dienslewering.

# SD 11

SU Official  
Financial Policies



## STELLENBOSCH UNIVERSITY FINANCIAL GUIDELINES

### Introduction

#### 1. **Budget**

- 1.1 Budget for capital items and capital works

#### 2. **Financial structures and bookkeeping**

- 2.1 Creation of new cost centre
- 2.2 Closure of cost centre
- 2.3 Bookkeeping of entities falling outside SU
- 2.4 Interdepartmental transactions
- 2.5 Ledger journals
- 2.6 Inventories
- 2.7 Issuing of official invoices
- 2.8 Credit on a debtors account
- 2.9 Bank accounts
- 2.10 Credit cards
- 2.11 Petty cash funds
- 2.12 Obtaining goods and services
- 2.13 Requests for cheque or electronic payments
- 2.14 Requirements to be met by creditor invoices for payment
- 2.15 Reissuing of cheques that have been stopped
- 2.16 Credit card facility for payments to SU
- 2.17 Cashiers and payment of funds
- 2.18 Cash receipts
- 2.19 Cheque receipts and direct payments into the SU bank account
- 2.20 Donations and receipts for donations
- 2.21 Investments and interest of funds
- 2.22 Handling of post-retirement medical benefits and exemption from study fees within cost centre
- 2.23 Institution and management of internal financial levies
- 2.24 Handling of obsolete or redundant assets
- 2.25 Audit fees
- 2.26 Insurance claims
- 2.27 Advances

3. **Statutory requirements**
  - 3.1 VAT
  - 3.2 Policy for foreign payments in terms of the regulations of the South African Reserve Bank and Stellenbosch University
  - 3.3 Amendment act on bills of exchange regarding the crossing of cheques
4. **Internal rules and regulations**
  - 4.1 Internet services
  - 4.2 Gifts
  - 4.3 Internal loans
  - 4.4 Note and membership fees
  - 4.5 Entertainment
  - 4.6 Telephone lines
  - 4.7 Private telephone calls and internet usage
  - 4.8 Policy and procedure with regard to cell phone and data cards
  - 4.9 Travelling and subsistence
  - 4.10 Personal expenses
  - 4.11 Purchase of Academic/Job related text books
  - 4.12 The presentation of conferences and congresses excluding short courses
  - 4.13 Printer cartridges
5. **Remuneration issues**
  - 5.1 Independent contractors and unemployment insurance legislation
6. **Research**
  - 6.1 Research cost centre
  - 6.2 Rector's award for excellence in research
  - 6.3 SOS publication funds
  - 6.4 Research finances – submission of claims and financial statements
  - 6.5 Costing and pricing of research and research related contracts
7. **Financial reporting**
  - 7.1 Financial reporting
8. **Financial guidelines for the Finance Division**
  - 8.1 Financial guidelines with regard to purchasing and selling liquor in residence clubs
  - 8.2 Financial management of e-campus projects
  - 8.3 Membership of professional associations for members of the rector's management team
  - 8.4 Liaison with banking institutions
  - 8.5 Renting of sports facilities to outside groups
  - 8.6 Indirect cost recovery rate (ICRR)
9. **Purchasing and Tender policy and procedure**

10. **Organisational Codes**

Policy on centres, bureaus and institutes (CBIs)

Administrative procedures with regard to the ORGANISATIONAL UNIT (OU) structure

11. **Policy on the naming of buildings, venues and other facilities/premises**

12. **Legal entities**

13. **Risk Management Policy**

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## **INTRODUCTION**

The rules and regulations as contained in the Financial Policy of the University are applicable to all financial activities and transactions within the University environment, regardless of the source of funding. It is the duty of each person to ensure that he/she acts in terms of these rules and regulations. Any person who does not act within the rules and regulations could face disciplinary action.

The primary aim of the financial policy is to ensure that all financial transactions comply with the University's requirements regarding internal control, financial liability and the management of financial risks, as well as comply with all legal and financial requirements as determined by the laws of South Africa, the Receiver of Revenue and any other institutions that pay funds to the University.

Accordingly, each policy document is presented against the framework of a policy number, the policy and other possible rules applicable to the policy itself. Mention of the primary division to be contacted is provided at the end of each policy. For the purposes of this document, the divisions have been divided, where necessary, with a view to refining core responsibilities. A division such as Student Fees and Debtors will thus simply be listed as Student Fees, and not as Student Fees and Debtors, if the policy deals with student fees issues.

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## **BUDGET FOR CAPITAL ITEMS AND CAPITAL WORKS**

**Policy number: 002A/06/04**

**Scope: The policy provides guidelines regarding budgeting for larger capital items and capital works in the financial system of SU.**

**Policy:**

Capital items are defined as items that are added to the asset register of the University on account of their value, and thereby are covered by insurance in the case of damage.

Budgeting for capital items is done with the aid of program FBG100P (Budget for Furniture, Equipment and Computers). The budget number that is allocated by the system after the program has been executed must be used in completing the requisitions when the budgeted items are ordered /purchased.

As soon as the items have been approved by the dean or departmental chairperson/executive head/discipline head, the budget amount, in the case of departmental funds, is transferred to the relevant cost centre by computer, by means of program FBG100P. Funds are transferred to account number 6975 of the relevant cost centre.

**NB:** Program FBG100P automatically links the budgeted items to the relevant account number 6975.

All asset items, including asset items purchased with research funds and all other funds administered by SU must be entered by means of program FBG100P for inventory purposes.

Capital works can be described briefly as any modification to be applied to fixed structures of SU, e.g. addition of air conditioners, fitting of bookcases, etc.

Entering the budget for capital works takes place by means of program FBG115P.

After the request has been approved by the dean, it is automatically dealt with by the Physical Infrastructure Division. There is no need to complete a requisition in this regard.

**Contact Division:**

Financial Services

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## CREATION OF NEW COST CENTRE

**Policy Number: 032B/130906**

**Scope: The policy provides the guidelines with regard to the creation of a new cost point.**

**Policy:**

- When a department applies for a cost point, a cost point application form, which can be found on the SU website, must be completed by the department.
- When the application is returned, the normal cost point application form must be completed and sent to Financial Services for approval, after which it will be created by Financial and Management Systems Division.
- An automatically generated e-mail will be sent to the following people as soon as the cost point has been created:

Person Responsible and Accounting Official

Enquiry programs:

Users: FFB244P

Users: FFB166P

Officials: FFB224P

*Cost point per SU no.*

*Cost point access per user*

*to look up cost centre per SU no.*

- New cost centre are linked to the person who is responsible for the cost point and not to the departmental chairperson/executive head/discipline head. If the person does not have an SU number, it is linked to the chairperson.
- Alpha/Numerical cost centre are no longer created.
- Cost centre older than five years may be reused.
- Student Society cost centres: The opening and closure of Student Society cost centres will only take place with approval of the Student Council member for Student Societies.

**Contact Division:**

Financial Services

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## **CLOSURE OF COST CENTRE**

**Policy Number: 048B/130906**

**Scope: The policy contains SU's procedure for the closure of cost centre.**

### **Policy:**

Since the closure of cost centre within various environments causes problems, the following procedure is proposed:

- Requests for the closure of cost centre should be directed to Financial and Management Systems who will confirm the following:
  - That the balance of the cost centre equals nil. If there is a balance, the department will be contacted to indicate a cost centre to which this balance can be journal to. A journal request will be send to the accountant responsible for transfers;
  - That there are no commitments on the cost centre. If so, the department will be informed to look into them and confirm with Financial and Management Systems when they are finalised;
  - that there are no assets linked to the cost centre, if so, Financial Planning and Asset Management are asked to move the assets to the appointed cost centre;
  - that if the cost centre receive interest, Financial Planning and Asset Management will change the interest to the indicated cost centre;
  - That no remuneration is being paid from the cost centre. If so, Human Resources must be informed of the new cost centre by the department.

Please note that it is the department's responsibility to:

- identify cost centres that must be closed and to inform Financial Services or Financial and Management Systems thereof;
- see that all commitments are taken care of;
- Indicate to which cost centre the surplus or shortage, interest and assets must be moved to.

### **STAFF MEMBERS WHO LEAVE SU'S EMPLOY**

The cost centre of persons who leave the employ of the University must:

Be identified by the Financial and Management Systems Division as soon as the monthly retirement list is received and be sent to the relevant accountant at Financial Services to:

- be cleared or closed; or
- The Dean and/or Vice-Rector (Research and Innovation) should recommend what should be done with the staff member's research funds.

#### Guidelines:

K cost centre:	Return to Subcommittee A, B or C (B268A, B268B or B268C)
Research funds:	React to recommendation of Dean and/or Vice-Rector (Research and Innovation)
Rector's Award	Return to B064
Statutory councils:	Refundable to statutory council
Establishment funds:	Return to Dean

### **CLOSURE AND OPENING OF COST POINT ACCOUNT COMBINATIONS: 0999**

No salary cost point account combination may be closed during the final week of the month, when the Remuneration Division posts the salaries. The correct cost point must be provided by the department concerned to Human Resources with regard to the posting for the next month.

### **Contact Division:**

Financial and Management Systems

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2.3

## **BOOKKEEPING OF ENTITIES FALLING OUTSIDE SU**

**Policy number: 004A/06/04**

**Scope: The policy provides the financial guidelines that are applicable when SU does the bookkeeping of an entity that falls outside SU.**

**Policy:**

Any entity for which the University is to take care of the bookkeeping has to sign a mandatory agreement in this regard. The mandatory agreement will regulate the privacy between the parties.

**Contact division:**

Finance

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## INTERDEPARTMENTAL TRANSACTIONS

**Policy Number: 038A/06/04**

**Scope: The policy contains the rules and regulations of SU with regard to the payment for services or products provided between internal departments via an interdepartmental requisition.**

**Policy:**

### PURPOSE OF AN INTERDEPARTMENTAL REQUISITION

- The function of an interdepartmental requisition as such is to enable funds to be moved between two different operational units.
- This movement of funds is only justifiable when payment is made for goods or services provided by an internal department/division that requests the requisition.
- Basically, Dept X provides a service to Dept Y for which payment is done by means of an interdepartmental requisition.

### IN PRACTICE

It has come to light that this function is mismanaged within certain environments, in that it is applied to effect the movement of funds between different cost centres within the same operational unit, which gives rise to:

- tax evasion;
- corrections being made between accounts that should only be done by means of journals; and/or
- Transfers between cost centre that may only take place by means of transfer journals.

### PREVENTION

- The interdepartmental requisition program (EAS505P) has been adjusted so that only the operational units that actually perform service-provision functions are listed for selection (F1 on the Direct to field), e.g. SU Printers, Student Fees, and IT.
- Other operational units that are not traditionally classified as operational units, but that do in fact perform internal functions, are also listed, e.g. Innovation, in order to accommodate the Projectus courses.
- Only these operational units are also permitted to carry out the rechannelling of funds (EAS125P).
- All other transactions must be finalised by means of a journal transaction by the Faculty Accountant at Financial Services.
- If your operating unit does in fact need to be identified as an operating unit and does not currently appear on the list, you may submit written motivation to your faculty accountant to support an application for consideration.

### NEW SERVICE-PROVIDING OPERATIONAL UNITS

If you would like to apply to have the current operational unit converted to a service-providing operational unit, you should contact your official at Financial Services.

**Contact Division:**

Financial Services

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2.5

**LEDGER JOURNALS**

**Policy Number: 014A/06/04**

**Scope: The policy determines when a journal transaction is permissible and the requirements that have to be met when a requisition is filled in.**

**Policy:**

The purpose of ledger journals is of divergent nature. The journals are kept, amongst other things, for the following reasons:

- Transfer of funds between cost centre
- Year-end procedures, e.g. provision for devaluation
- Reallocation of expenditure
- Correction of incorrect journal entries
- Distribution of expenses (where more than one cost point forms part of a particular expense)

No journal transaction will be executed before the request for such a transaction has not been properly authorised by the relevant person responsible. Requests for journal transactions must in all instances be clearly motivated. In cases where a request for the reallocation of expenses, whether between different cost centre, projects and/or accounts, is made, the details of the origin of the initial transactions must be attached to the journal request.

Care must be taken during completion of expense requisitions that correct accounts are indicated to avoid unnecessary corrections at a later date. In cases where more than one cost point forms part of a particular expense, an attempt must be made to fill in the correct cost centre and accounts right from the beginning of entering this information.

Requests for fund transfers will only be referred to the Division: Accountants for finalisation after they have been checked for correctness by the relevant Financial Services official.

Transfer of funds from and to research funds is subject to the conditions set out by the relevant research sponsor.

**Contact Division:**

Financial Services

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## 2.6

### INVENTORIES

**Policy Number: 012A/06/04**

**Scope: The policy provides the financial rules and regulations applicable to updating the inventory register of SU.**

**Policy:**

Each year during May the officials responsible for all room at the University are requested by circular containing full instructions for the operation to check the contents of rooms and to certify the inventories by computer, with the help of program EBR001P. This action is essential in order to account for all asset items and to ensure that all assets are insured at a realistic value. For all assets that are also used at home and may be in transit for some reason or other, it is essential that a Transit request be completed, with program EBR050P and approved with program EBR051P. If this is not done, such items will not be covered by insurance in the event of theft. (Refer to policy 2.27 Insurance claims part 2.1.3.)

When a staff member leaves the service of the University or is transferred to another department/ division, the head of the department/division/executive head/discipline head must ensure that the inventory corresponds to the assets in the room(s).

The University's internal as well as external auditors will perform random checks during the year at departments/divisions to determine whether the University's instructions are being followed correctly.

**Contact Division:**

Financial Planning and Asset Management

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## ISSUING OF OFFICIAL INVOICES

**Policy Number: 040A/25/03/09**

**Scope: The policy provides the rules and regulations of SU with regard to the issuing of invoices and the income accounts that should be used.**

**Policy:**

### GENERAL

- All external work done by departments must be invoiced via the debtor's system.
- Departments create/issue their own invoices by means of program FDB030P. The financial system will reject an invoice that is created for a debtor whose account is overdue by more than 90 days. In such cases, the debtor's division should be contacted about the necessary adjustment and/or correction.
- The relevant department whose debtor(s) have debt that is overdue by more than 90 days are responsible for following up the debtor(s) concerned, since other departments are also influenced.
- All payments received must either be referred to the debtor's division or be deposited at the cashiers in the relevant debtor's account using the debtor's code and invoice as reference. Payments for invoices can never be paid into a cost point and income account.
- Requests for credit notes must be forwarded to the debtor's division. These requests with the necessary motivation and supporting documents must be approved by the head of division/department.
- A project assignment that is completed in phases over a term may not be invoiced in advance. Invoices have to be created as each phase is finalised.
- Any donation to Stellenbosch University that qualifies for a Section 18(A) donation receipt may not be requested per invoice. The procedure set out in point 10 of Donations and Receipts for Donations should be followed.

#### **The following debtor's programs are available:**

FDB030P	-	Issuing of invoices
FDB050P	-	Invoice enquiries
FDB060P	-	Debit note enquiries
FDB070P	-	Credit note enquiries
FDB120P	-	Statement enquiries
FDB095P	-	Enquiry – Debtor status
FDB125P	-	Global enquiry

### ISSUING INVOICES

All external work, research, consulting and goods that are provided by departments must be invoiced via the debtor's system. All invoices that are issued must be approved by the person whose cost centre is used or by the head of department/executive head/discipline head thereof. The person who issues the invoice must ensure that the correct income account is used. If there is any doubt about the correct income account, Financial Services should be contacted.

No invoice may be created on Stellenbosch University letterheads or generated by computer programs. The debtor's system should be used at all times to create invoices.

The following income account is used when invoices are created for domestic income:

- 5388: Income sponsorships: Sponsorships are paid towards this income account. VAT is levied.
- 5413: Commissioned research: Funds obtained for contract research are paid towards this income account. VAT is levied.
- 5415: Zero-rated sales: Funds obtained from the sale of exempt products (mainly agricultural products) are paid towards this income account. No VAT is levied.
- 5597: Sundry income (Taxable): Funds obtained for services rendered, goods supplied, research and any other taxable supplies are paid towards this income account, exclusive of payments from the NRF, WRC, other statutory councils and income that belongs specifically to one of the named income accounts. VAT is levied.
- 5267: Department of Water Affairs and Forestry: Funds received from the Department of Water Affairs and Forestry is paid towards this income account. VAT is levied.
- 5270: DST income: Funds received from DST are paid towards this income account.
- 5307: Water Research Commission: Funds received from the Water Research Commission are paid towards this income account. VAT is levied.
- 5387: Income Bursaries: Funds received for paying out bursaries. No VAT is levied.
- 5777: Income received from the attendance of educational seminars, congresses and courses. No VAT is levied.

The following income account is to be used when invoices are created for foreign income:

- 5777: Income received from the attendance of educational seminars, congresses and courses.
- 5598: Foreign payments: Funds received from abroad are paid in against the income account.
- 5387: Income Bursaries: Funds received for paying out bursaries.
- 5592: Foreign Income Exempt: Foreign income received for non taxable supplies, Excluding 5777, 5387 or 5373 (donations)

Please note: No VAT is levied on foreign income.

**No invoice may be captured against income account 5596 without prior permission from Financial Services.**

**Contact Division:**  
Debtors

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2.8

**CREDIT ON A DEBTOR'S ACCOUNT**

**Policy Number: 045A/06/04**

**Scope: The policy contains the rules of SU regarding the payment of a credit on a debtor's account.**

**Policy:**

No credit on a debtor's account will be paid out unless the company concerned requests that such credit be paid. The payments must be approved by the Deputy Director: Student Fees and Debtors.

**Contact Division:**

Debtors

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2.9

## **BANK ACCOUNTS**

**Policy Number: 009A/06/04**

**Scope: The policy provides the financial rules and regulations applicable to bank accounts outside SU.**

**Policy:**

Stellenbosch University follows a policy of partially decentralised financial management. With implementation of the RCM model, decentralisation will be increased. The passing on of authority with regard to the application of policy and procedures, as approved by the Council, however, involves particular responsibilities. The financial policy of the University is on the University's website under online services for staff members.

According to the approved policy, all financial activities of departments, divisions, institutes, bureaus and centres and other activities related to the University may only be handled via the University's financial system.

Separate bank accounts may therefore not be created by the above-named entities for their activities; as such transactions will not be subject to the University's policy and procedures or to the internal and external audit of the University. Should such cases occur, they will be examined by the University's forensic auditors and employees will be subject to possible disciplinary action by the University.

**Contact division:**

Financial Planning and Asset Management

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2.10

**CREDIT CARDS**

**Policy Number: 046A/06/04**

**Scope: The policy contains the rules of SU regarding the existence of credit cards within the SU environment.**

**Policy:**

No corporate credit cards may exist in any SU environment. If purchases are made with a personal credit card, a cheque may not be requested against the cost point merely by providing the credit card statement as evidence; the necessary invoices should be attached.

**Contact Division:**

Financial Services

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## **PETTY CASH FUNDS**

**Policy Number: 016A/06/04**

**Scope: The policy deals with general, reconciliation and handing-over procedures as applicable to all petty cash funds.**

**Policy:**

### **GENERAL PROCEDURES**

- Applications for petty cash funds must be directed to the Director: Financial Services. Petty cash requests are limited to a maximum of R1 000.00. A formal petty cash application form must be filled in. This requires that the relevant departmental chairperson/head of division/executive head/discipline head undertake to apply funds in agreement with the policy and procedures.
- Overall control and signing power rest with the departmental chairperson /head of division/executive head/discipline head. Both he/she and the person responsible have to sign the petty cash top-up form.
- Because of tax implications, no payments with regard to remuneration may be made to any person. In such instances, Human Resources must be contacted.

### **RECONCILIATION PROCEDURES**

Cash in hand must periodically be confirmed by the departmental chairperson / head of division/executive head/discipline head to ensure that petty cash funds are correct (Advance – proof of purchase = cash in hand). The petty cash top-up form must be signed by the departmental chairperson / head of division/executive head/discipline head as proof that the physical cash on hand has been checked and that it corresponds to the amount according to the reconciliation. It is important to fill in the reconciliation space on the petty cash top-up form for the purpose of control.

- The petty cash top-up form on which the expenses are listed is available from the Financial Services Division, and the original proofs of purchase must be attached to it.
- A cheque requisition form must be sent to the relevant faculty official, together with the petty cash top-up form and the original proof of purchase. If the petty cash top-up form is not completed properly and adequately authorised, the petty cash top-up will not be processed, but will be returned to the relevant department/division.
- Original, official invoices or receipts that meet policy requirements must serve as proof of petty cash spending.
- The petty cash must be kept up to date and be balanced, as it could be audited at any time by the internal/external auditors and/or the Finance Division.
- The maximum pay-out per transaction from petty cash is R250.00.
- Petty cash funds must be administered separately from any personal accounts. The purpose of petty cash is to have cash readily available at all times for concluding smaller diverse transactions.
- Personal advances are not granted from petty cash.
- Personal funds may under no circumstances be used for petty cash purchases. If the value of transactions prevents purchases from petty cash, a purchase requisition should be requested for the planned expense.
- No income, of whatever nature, may serve as top-up for petty cash.

- The person responsible may not top up the petty cash from his/her own pocket. The amount requested may never be more than the amount of the original petty cash advance.
- No personal expenses may be paid from petty cash funds.

#### **PROCEDURE FOR HANDING OVER**

- A one-off undertaking is signed by the holder of the petty cash in which it is declared that petty cash prescriptions have been studied and accepted.
- Petty cash top-up will take place by means of uncrossed cheques.
- The relevant petty cash cheque will only be given to the beneficiary initially indicated on the cheque requisition, after thorough identification by the Financial Services Division.
- Cash must be kept in a cash box that is locked away in a safe or a reinforced filing cabinet. As the University is not insured against money going missing, cash must be limited to a minimum amount.
- The key to the cash box may only be in the possession of the person in control of petty cash spending. A duplicate key in a sealed envelope must be kept safe by Ms HM Pieterse, Financial Planning and Asset Management Division. The person responsible at the Tygerberg campus is Ms S Schoeman and at Bellville Park it is Mr P Gerber.

**Contact Division:**  
Financial Services

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## **OBTAINING GOODS AND SERVICES**

**Policy Number: 034A/06/04**

**Scope: The policy contains general information on obtaining goods and services, the functions of the Purchasing and Provision Services Division and keying in requisitions on SU's financial system.**

**Policy:**

### **DIRECTLY FROM SUPPLIERS**

- Control over the availability of funds is the responsibility of each researcher, chairperson or head of department/executive head/discipline head and is also tested by the computer when an order is entered.
- Only people with prior authorisation in the departments/divisions may approve requisitions.
- Any purchases from a creditor (company) by the University must be done on computer with an official University order. Ensure in advance that the items are not in stock.
- No payment may be made without an official order number. Invoices that are received without an official order number will not be paid.
- VAT may only be claimed back on original invoices.
- All purchase requisitions that are entered by means of the program EAS500P are processed by the Purchasing and Provision Services Division and the order number is then posted, faxed or sent by e-mail to the company concerned.
- All service, rental, maintenance and other contracts must be signed by the Chief Operating Officer or his delegate.
- For further details about the utilisation of contracts, e.g. for chemicals and stationery, contact: Purchasing and Provision Services Division, tel. no. 808-4500.
- Purchases of microcomputers, software and related equipment take place in consultation with the Director: Information Technology.
- Purchases of audiovisual apparatus must take place in consultation with the Purchasing and Provision Services Division.
- Purchases of asset items may only take place if there is a budget number for the specific item.

### **WITHDRAWAL OF STOCK**

- Requests for supplies from the relevant store take place on computer using a supplies requisition with program EAS501P (Processing of supplies requisitions).

### **INTERNATIONAL ORDERS**

- For the purchase of more expensive equipment from overseas or from SA agents, quotations and tender prices must be obtained via the Purchasing and Provision Services Division.
- Regarding asset/capital items, the procedures mentioned under point 1 must be followed.
- All foreign purchases are entered by means of program EAS199P – Foreign requisitions.

## **FUNCTIONS OF THE PURCHASING AND PROVISION SERVICES DIVISION**

- Negotiations and liaison with companies regarding purchases, tender and contracts for the above
- All overseas purchases – quotations, contracts and orders
- Handle customs and excise taxes, import permits, forward cover with regard to changing exchange rates, etc. for foreign purchases
- Advise staff on SU purchases and gifts for long-service awards
- Coordinate outside printing according to prescribed guidelines
- Coordinate the conclusion and signing of all purchase, maintenance and service contracts
- Check that the general budgetary guidelines set out under point 1 are applied
- Print and dispatch official order forms to companies
- Pursue outstanding orders and liaise with Creditors Division to ensure that the correct prices are paid
- Negotiate with companies should differences occur in prices and product specifications
- Provide warehousing services with regard to stock items

## **ASSISTANCE WITH ENTERING REQUISITIONS**

- Departments/divisions must request the relevant requisition for each order/purchase via computer.
- It is important that the requisition be filled in completely and correctly in order to ensure its rapid processing and the placing of the order. One of the following requisitions should be used:

### **Maintenance – Purchase requisition (program EAS500P)**

External orders: If orders have been delivered/received, an acknowledgement of receipt must be done on computer by means of program EAS900P (Goods received).

### **Maintenance – Stock requisition (program EAS501P)**

Order of supplies (e.g. stationery) from the relevant store.

### **Maintenance – Interdepartmental requisition (program EAS505P)**

Departmental requisition for provision of services by internal divisions, e.g. IT, Maintenance, SU Printers, etc.

### **Maintenance Vehicle bookings (program EVP213P)**

To book vehicles from the Vehicle Fleet.

## **Contact Division:**

Purchasing and Provision Services

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## **REQUESTS FOR CHEQUE OR ELECTRONIC PAYMENTS**

**Policy Number: 030A/06/04**

**Scope: The policy contains the rules and regulations of SU with regard to requisitions for cheque or electronic payments, excluding applications for advance cheques.**

**Policy:**

### **APPLICATION FORM**

The form according to which a request for payment is directed has been adapted to reflect greater clarity regarding the responsibilities of the role-players and to make it more user-friendly. The new form that should be used has been available on the SU web page since 1 June 2004 under Downloadable documents.

### **NATURE OF RESPONSIBILITIES**

**Four (groups of) role-players are involved in the application of a request for payment.**

#### **Beneficiary**

The beneficiary is the person who incurred the expense (in the case of SU staff or students) and is now demanding a refund, or the person or institution that delivered a service and/or a product to SU (an SU staff member, SU student or contractor) and is invoicing the University for it. The details of the person are filled in Section A of the application form. The beneficiary (or SU proxy in the case of an external provider) signs in the applicable place. By signing, the beneficiary (or proxy in the case of an external provide) declares that the expenses were incurred in the service of SU and that supporting documents are attached.

#### **Applicant**

The applicant is the person who fills in the form. The details of the person are filled in Section B of the application form. By signing on the applicable line, he/she declares that the correct information has been provided and that supporting documents are attached. In the case of SU staff or students, the applicant is not the same as the beneficiary. In the case of an outside person or institution, the applicant is a permanent member of staff or student of SU. The applicant is also responsible for completing Section D, except for the coloured column.

#### **Person who is authorised to approve the request**

The detail of the person who is authorised to approve the request is filled in Section C of the form. By approving the request, the person in the faculty, department or division who approves the request confirms that the expense concerned was incurred in the execution of the functions of the University. In the case of the academic sector this entails research, teaching or community interaction. In the case of support services, it has to do with the functions of the relevant division. The person who signs declare that the expense represents university business, as set out in the financial instructions and policy, and that the request is thus approved. In the case of SU staff or students, the person who approves is someone other than the beneficiary.

#### **Person who authorises the payment**

The person who authorises the payment is the relevant faculty accountant in the Division: Finance. This person completes Section E (and one column in Section D). By signing, he/she declares that all the financial-administrative control measures and policy have been complied with and the payment is authorised.

### **APPROVAL PROCESS**

For the sake of completeness, the SU key instructions with regard to the approval of requests for payment (as in the Financial Policy) are given below:

- All requests for payment by means of cheques or the electronic transfer of funds must be signed by the applicant and then be approved and signed by the dean/head of department/head/executive head/discipline head of division and/or an authorised person.
- Regarding the *delegation* of power of approval, the following:
  - Details of the designated management/control staff and of the persons to whom signing power has been delegated are collected by the Financial Services Division every year.
  - The form below is completed and returned to the Director: Financial Services.

DEPARTMENT/ DIVISION		
	Initials, Surname and SU Staff Number	Sample signature
HEAD OF DEPARTMENT / EXECUTIVE HEAD / DISCIPLINE HEAD		
DELEGATE: 1		
DELEGATE: 2		
APPROVAL: DEAN / HEAD OF DEPARTMENT / DIRECTOR/EXECUTIVE HEAD/DISCIPLINE HEAD		
NAME		
SIGNATURE		
DATE		

- The Finance Division: Financial Services must be informed in writing as soon as possible of the delegation of signing power during absence (for example as a result of retirement, during leave, congress attendance, etc.).
- As there appears to be confusion, particularly in the academic ranks, the approval of a request in terms of the Financial Policy entails the following:
  - that the expenses were incurred for the purpose of teaching, research and/or community interaction;
  - that all expenses are supported by complete and original documents as evidence;
  - a complete explanation of travelling and subsistence expenses are provided and are supported by original documents such as airplane tickets, hotel accounts or other documents; and
  - That the beneficiary is an employer and/or a student of SU and, if not, that the beneficiary complies with the definition of an independent contractor according to the South African Income Service (as set out in the Financial Policy).
- In accordance with the wording on the official application form (as cleared up by Legal Services), the person who approves a request for payment may be held personally liable in cases in which the instructions and policy were not complied with and could even face disciplinary action.

## PAYMENT PROCESS

The payment process entails the following key steps:

- All cheque requests, once they have been completed and approved by the designated person, together with all the supporting documents, are sent to the relevant faculty accountant at the Financial Services Division of Finance, who checks them and authorises the payment.
- Requests that are not completed in full are returned to the applicant.
- Requests for which payment has been authorised are processed electronically in the financial system, after which payment takes place by means of a cheque or an electronic transfer.

- In the case of electronic transfers, the beneficiary is notified by e-mail or in writing that the transaction has been processed and is informed of the date on which the funds will be paid into his/her nominated bank account.
- All cheques and electronic transfers must be signed by two persons with authority to sign cheques.

## **GENERAL**

Departments/divisions must not create an order and request a cheque – this results in double payments.

- As a result of the tax implications, a request for a cheque with regard to remuneration must be sent to Human Resources.
- All cheques must be crossed as “non-negotiable” as well as “not transferable” in order to grant SU maximum protection in cases where cheques become lost or are stolen. In terms of the new bank law, not crossing may not be removed from a cheque under any circumstances.
- Creditors of SU are currently paid electronically and cheques will only be prepared for creditors in exceptional cases. Cheques are dispatched direct to the creditor concerned and will thus not be sent to departments/division for handing to the relevant creditor.
- Lost cheques are only cancelled after a month has elapsed.

## **ADVANCE CHEQUES**

Advance cheques are only issued in highly exceptional cases, since it is very problematic to obtain the necessary evidence afterwards. However, should an advance cheque be applied for, the following conditions apply:

- A cheque requisition form on which the SU number has been placed must be completed in full and sent to the relevant faculty official (see Addendum A) at the Financial Services Division.
- The advance finalisation form that is issued with the advance cheque must be returned with the necessary documents as evidence to Financial Services within 30 days.
- If an amount of money remains unspent, it must be deposited with the Cashiers against the same cost point account number against which the cheque was requested.
- If the costs incurred were greater than the advance, an additional cheque should be requested.
- Advance cheques are only issued to a creditor of the University in highly exceptional cases, since an order number has to be requested.

**Contact Division:**  
Financial Services

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## **REQUIREMENTS TO BE MET BY CREDITOR INVOICES FOR PAYMENT**

**Policy Number: 041A/06/04**

**Scope: The policy provides the requirements to be met by an invoice for SU, before payment can take place.**

**Policy:**

### **INVOICES FROM AN INSTITUTION TO SU**

The following information should appear on the invoice:

- that it is an invoice or tax invoice
- the name and address of the provider, as well as the VAT registration number in the case of a tax invoice
- directed to Stellenbosch University
- address and VAT registration number of Stellenbosch University
- the invoice number and date
- a description of the goods and the quantity
- the value of the goods and the tax added

### **INVOICES FROM A PERSON TO SU**

The following information should appear on the invoice:

- that it is an invoice or tax invoice
- the name and address of the person, as well as the VAT registration number in the case of a tax invoice
- directed to Stellenbosch University
- address and VAT registration number of Stellenbosch University
- the invoice number and date
- a description of the goods and the quantity
- the value of the goods and the tax added
- the person must sign the invoice

**Take note: No payments are made against quotations, pro forma invoices or statements.**

**Contact Division:**  
Financial Services

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2.15

## **REISSUING OF CHEQUES THAT HAVE BEEN STOPPED**

**Policy Number: 044A/06/04**

**Scope: The policy contains the rules of SU regarding the reissuing of cheques that have been stopped.**

**Policy:**

A cheque may not be reissued within seven days after it has been stopped by the bank. Before a cheque may be reissued after seven days have elapsed, a check should first be done to determine whether the cheque has not been cashed in the meantime.

A form to be used for stopping a cheque is available from the Financial Planning and Asset Management Division and must be signed by the person responsible at that department. Before the cheque is reissued, officials must check with the responsible person at the Financial Planning and Asset Management Division that the cheque has not been cashed in the meantime and she must sign the form as confirmation thereof.

**Contact Division:**

Financial Planning and Asset Management

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## **CREDIT CARD FACILITY FOR PAYMENTS TO SU**

**Policy Number: 018A/06/04**

**Scope: The policy contains the information that is required for processing credit card transactions.**

**Policy:**

SU has a credit card facility for the receipt of payments made to SU. The purpose of this facility is primarily to facilitate the receipt of conference fees. The commission linked to credit card payments to Standard Bank (currently 2,5%) will be for the account of the department/institute/division concerned.

The details that are required for such a transaction are:

- Credit card account number
- Card type
- Expiry date
- The last three digits on the back of the card (near the signature)

Should someone want to use this facility or has any enquiries, further details can be obtained from the Financial Planning and Asset Management Division.

**Contact Division:**

Financial Planning and Asset Management

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## **CASHIERS**

**Policy Number: 015A/06/04**

**Scope: The policy determines the handling of deposits at the cashiers and stipulates the functions of the cashiers.**

**Policy:**

### **CHECKING AND HANDLING DAILY CASHIER DEPOSITS**

PR1 = The person responsible for counting the money and checking the cashiers' totals

PR2 = The person responsible (Student Fees) who keeps the second key to the safe

PR1 checks the correctness of cash, cheques and bank deposit slips, i.e. FKT checks must correspond to actual cash, cheques, credit card total as printed (banking slip) and bank deposit slips. The summaries of the cashier's total are signed by the cashier and PR1 (all copies in deposit book). The relevant person then takes responsibility for the deposits.

PR1 checks the correctness of the cashiers' advance and signs the suggested form for the advance, surpluses and shortfalls.

Surpluses and Shortfalls:

These are recorded on the suggested form for the advance, surpluses and shortfalls. This form must be filled in daily and be signed by the cashier and PR1. The completed form will be checked regularly by the Director: Financial Planning and Asset Management. At month end, the form is sent to the Division: Financial Planning and Asset Management for filing.

Surpluses – Make out a receipt on B001 8608, with the necessary references.

Cash, cheques and postal orders, together with the bank deposit slip and printed list of cheques, are sealed on the day of receipt in bags supplied by the bank and in the presence of the cashier, and are then placed in the SU safe (keys in the possession of PR1 and PR2).

Bank deposit slips, credit card slips and the (cash) advance are placed separately in the SU safe.

PR1 and PR2 unlock the safe on the subsequent day and hand the sealed deposit bag to an official of Standard Bank.

### **FUNCTIONS OF THE CASHIERS**

#### **Correctness of cheques**

- Check the correctness of the date on the cheque
- Check that the cheque is signed
- Check the correctness of details concerning the beneficiary – note the crossing on cheques
- Check that words and figures match

#### **Credit card payments**

- Do a daily banking
- Copies of credit card slips to Financial Planning and Asset Management and original is filed at the cashier
- Write the number of the receipt on the slip as a reference

**Contact Division:**

Student Fees

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2.18

**CASH RECEIPTS**

**Policy Number: 017A/06/04**

**Scope: The policy contains the financial rules and regulations applicable to all cash received.**

**Policy:**

The departmental chairperson/head of division/executive head/discipline head is responsible for handling cash. The cash and receipt book must be locked away in a safe/strongbox and the key must be carried on the person of the responsible official.

An official receipt, always in numerical sequence, must be issued for all cash received. Receipt books are available from the Student Fees Division.

All cash and cheques must be paid in at the cashiers each week, or daily if the amounts are large, by means of a completed deposit slip (available from the cashier) and the receipt book. An official University receipt will then be issued.

If an original receipt has been cancelled, it should be marked by having "Cancelled" written across it, and it must be kept in the receipt book, as in the case of all copies.

Only one person may have access to the money, safe/strongbox key and receipt book.

Should the key to the safe/strongbox be handed to another person, it must be recorded in a register. A duplicate key must be deposited in a sealed envelope at the Financial Planning and Asset Management Division for safe-keeping.

Fully used receipt books must be returned to the Student Fees Division for safe-keeping before a new receipt book may be issued.

Cash counts by the external auditors and/or Division: Finance may take place at any time.

Duplicates of strongbox keys may not be made and strongboxes may not be made available to unauthorised persons.

Cash may not be left lying around or be put away in drawers, as the University has no insurance against money going missing.

Payments may not be made directly from cash received.

**Contact Division:**

Student Fees

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2.19

**CHEQUE RECEIPTS AND DIRECT PAYMENTS INTO THE SU BANK ACCOUNT**

**Policy Number: 031A/06/04**

**Scope:** The policy contains the rules and regulations of SU and the Acts regarding bills of exchange and negotiable documents. Said rules and regulations relate to cheques received and direct payments into the SU bank account.

**Policy:**

As a result of amendments to the Acts relating to bills of exchange and negotiable documents, cheques that are made out to the University are only acceptable if they have been made out to Stellenbosch University. No cheque will be accepted if it has been made out in favour of an institute, residence, gymnasium, bureau, etc. Any changes made on the cheque, even if fully countersigned by the account holder, will invalidate the cheque. This arrangement is valid as from 1 August 2001.

When deposits are made into an SU bank account, it is the responsibility of the department/division concerned to obtain the necessary proof. The Financial Planning and Asset Management Division should then be contacted to obtain confirmation of the deposit. The full details for allocation, namely date of deposit, amount, depositor and cost point account number, should also be provided.

Even if there is no physical evidence, the department/division still needs to provide the abovementioned details to the Financial Planning and Asset Management Division before an allocation can be made to the relevant cost point. This is also applicable to receipts from overseas.

**Contact Division:**

Financial Planning and Asset Management

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## **DONATIONS AND RECEIPTS FOR DONATIONS**

**Policy Number: 027A/06/04**

**Scope:** The policy contains the University's rules and procedures with regard to donations and receipts for donations.

**Policy:**

A donation is money/goods/services, etc. that are donated to the University **without** the donor expecting any counter performance. In order to qualify for a tax exemption certificate, a donation must comply with abovementioned description in terms of the provisions of Section 18A of the Income Tax Act (Act 58 of 1962).

A sponsorship, on the other hand, can be described as money/goods/services that are provided by a sponsor for which a counter performance is **required**. The counter performance is usually in the form of exposure (advertisement) and is often included in a contract. A sponsorship therefore does not qualify for a donor receipt.

**Donations consist of two main categories, namely:**

- Earmarked: Is given for a specific purpose
- Not earmarked: A donation is given to the recipient without any prescriptions

**Earmarked donations have various forms, e.g.:**

- Donations for research (excluding contract research)
- Bursaries (where beneficiary students are not nominated by the donor)
- Salary supplementation
- Donations *in natura*
- Donations for community service projects and programmes

**Take note:** All earmarked donations (e.g. for a specific department or research project) will immediately be paid into the designated departmental cost point via the Stellenbosch Trust and will immediately be available to the relevant department.

**NB: All donations must be paid in at the Stellenbosch Foundation Division, 12 Murray Street, and the following are required:**

- The donor cheque
- A copy of the relevant correspondence from the donor
- The cost point and account number against which the cheque must be deposited
- The name, telephone number and office address of the contact person (recipient)
- A letter of thanks for dispatch to the donor with the receipt (unless otherwise indicated, a letter of thanks and the receipt will automatically be dispatched by the Stellenbosch Foundation Division)

**Why are deposits handled by the Stellenbosch Foundation Division?**

- A record of donations is kept for each donor so that, approximately every five years, the University can acknowledge its donors by way of the Vice-Chancellor's Awards. These awards are done in categories that are determined by the total donations given to the University by the donor. It therefore includes donations to any department or subdivision of the University.

- In order to facilitate auditing and ensure good control, Section 18A receipts may be issued only by this division. Unfortunately, it sometimes happens that academic departments deposit a donation at the cashiers and an ordinary receipt, instead of a donor receipt, is then issued. After a few months, the donor's auditor contacts the University to request a Section 18A receipt. This creates double the amount of administrative work and creates a poor image of the University in the eye of the donor.
- The Stellenbosch Foundation Division is responsible for the coordination of all fundraising that is undertaken by the University or any SU representative. Without a complete donation history of donors, it is not possible to undertake meaningful and well-considered planning for fundraising. Aspects such as reporting to donors on the application of their donations, the timing of submissions for project proposals, avoiding that a donor does not receive unreasonably many requests for donations, etc. are all managed by this division.

**Contact Division:**  
Stellenbosch Foundation

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2.21

## **INVESTMENTS AND INTEREST ON FUNDS**

**Policy number: 003A/06/04**

**Scope: The policy provides financial guidelines with regard to investments and interest paid and received at cost centre.**

**Policy:**

### **INVESTMENTS**

Funds can be invested on the long or the short term:

#### **Short-term funds**

Short-term funds earn interest at a variable rate that is realised monthly at a variety of deposit-taking institutions.

#### **Long-term funds**

Long-term funds are managed by the University's external portfolio manager. They are invested in shares, government stock and other investment instruments. The income from long-term investments, which is apportioned annually in December, naturally is lower than short-term interest, as a portion of the returns is capital growth. The capital gain or loss is realised and apportioned when funds are withdrawn from the long-term investment pool.

### **INTEREST ON FUNDS**

The non-budget cost centre (usually research cost centre) receives interest on credit balances and interest is levied on overdrawn balances. The relevant account numbers are as follows:

5705 - Sundry interest receipts

2146 - Sundry interest payments

#### **Contact Division:**

Financial Planning and Asset Management

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2.22

**HANDLING OF POST-RETIREMENT MEDICAL BENEFITS AND EXEMPTION FROM STUDY FEES WITHIN COST CENTRE**

**Policy Number: 049B/110906**

**Scope: The policy deals with the handling of post-retirement medical benefits and exemption from study fees within a cost point should the cost point move.**

**Policy:**

Should a faculty decide to incorporate a cost point in the faculty, the cost of post-retirement benefits and exemption from study fees of the relevant cost point are not downloaded to the rest of the budget, but are borne by the relevant faculty itself.

Any ad-hoc incident that implicates an unreasonable split of funding; may be managed as line function with discretion of the Chief Operating Officer and the Vice rector (Community Interaction and Personnel).

**Contact Division:**

Financial Services

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## **INSTITUTION AND MANAGEMENT OF INTERNAL FINANCIAL LEVIES**

**Policy number: 052A/06/04**

**Scope: The approved procedure to be followed for the institution and management of any internal financial levy for services and/or products provided by any environment within the University to another environment within the University.**

**Policy:**

If any internal environment of the University wishes to institute and manage a financial levy, the procedure below should be followed and the following approvals need to be obtained:

- A complete explanation of the rationale and basis for the proposed internal levy must be submitted to the head of the responsibility centre concerned and recommended in writing by the relevant responsibility centre head.
- The complete proposal and recommendation in 1 must be submitted to the Chief Director: Finance for written recommendation to the Finance Committee (FC).
- The FC meets in terms of the approved Regulation at least once every two months. The dates when the agenda closes can be obtained from the Director: Finance and Asset Management (Secretary of the FC).
- The internal levy comes into operation on a date approved by the FC.
- Any amendments of internal levies, including adjustments to tariffs, must also be approved in terms of this policy.
- Annual adjustments to existing internal levies must take place in consultation with the relevant client environments and must be included in service-provision agreements.

**Contact Division:**

Finance

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## HANDLING OF OBSOLETE OR REDUNDANT ASSETS

**Policy number: 033A Audit Committee 30/03/09**

**Scope: This Policy document contains the rules and regulations of the SU with regards to the scrapping or selling of assets, including items under R2000 which are not classified as assets, and the handling of unsold items out of the Second-hand Goods Store.**

### **Policy:**

All scrapping or selling of used assets must be dealt with in conjunction with the department: Financial Planning and Asset Management, irrespective of out of which funds the original acquisition was made and irrespective of whether it was donated for a specific project.

Asset register items will only be removed from the assets register once the entire process with regards to the scrapping or selling of these assets, as stated below, are adhered to.

### **1. SELLING OF ASSETS**

The following procedure applies:

#### **• COMPUTERS**

**The following provisions are applicable with the sale or scrapping of computers:**

##### **• Items less than 4 years old**

If the item is less than 4 years old, only the Internal Departments/Divisions may receive the option of purchasing the equipment. An advertisement must be placed in the Campus News/Daily Bulletin by the relevant department (seller). If requested, minimum selling prices are supplied by the Division: Financial Planning and Asset Management. Items that can not be sold are treated as unsaleable items.

##### **• Items older than 4 years, but younger than 6 years**

If the item is older than 4 years, but younger than 6 years, the relevant department or division may still use the item internally. Otherwise an internal department or division may the item, but only for use in instrumentation or control applications. An advertisement must be placed in the Campus News/Daily Bulletin by the relevant department (seller). If requested, minimum selling prices are supplied by the Department: Financial Planning and Asset Management.

If the item is scrapped, it must be sold to an outside institution or private individual without any guarantee. This equipment must be sold for at least the minimum selling price, as supplied by the Division: Financial Planning and Asset Management.

##### **• Items older than 6 years**

If the items are older than 6 years, it must be written off and returned to the Department Information Technology, but without any transfer of funds.

##### **• Unsaleable Items**

Unsaleable items must be written off and returned to the Division Information Technology, but without any transfer of funds.

## • PRINTERS

Item must be advertised in Campus News/Bulletin at a selling price as determined by the relevant Departmental Chairman/Divisional Head and approved by the Division Financial Planning and Asset Management.

If there is no internal interest in the relevant asset item, the item may be advertised and sold externally, on condition that the advertisement appears in the Campus News/Bulletin.

Unsaleable or worn out items must be written off and returned to the Division Information Technology, but without any transfer of funds.

## • COMPUTER EQUIPMENT PURCHASED WITH RESEARCH FUNDS

A researcher has the first option of purchasing computer equipment, acquired with research funds generated by him/her upon leaving the service of the University on condition that the concerned Department Head as well as the Dean has recommended this. The minimum suggested selling price, as provided by the department: Financial Planning and Asset Management is payable, on condition that the selling price is also approved by the Department Head as well as the Dean.

## • SPECIALISED EQUIPMENT

The item must be advertised in the Bulletin/Campus News at the recommended selling price by the Departmental Chairperson/Department Head concerned and approved by the department: Financial Planning and Asset Management.

These items may be advertised and sold externally should there be no internal interest for the asset concerned after being advertised for at least 3 times in the Bulletin/Campus News.

It can be arranged in the case of where equipment was granted to a specific staff member by a Statutory Council and the staff member concerned takes a position at another institution of higher learning that the assets concerned be transferred to the institution concerned without compensation.

## • FURNITURE AND OFFICE EQUIPMENT

Departments/Division within the University would always get preference before any private sale can be considered. Items must be advertised in the Bulletin/Campus News unless the Departmental Chairperson/Division Head is aware of a potential internal buyer (within the SU).

No furniture or equipment (other than computer equipment) may be sold to external institutions without the written consent of the department: Financial Planning and Asset Management.

All unsold items will, on request to the department: Financial Planning and Asset Management are removed by the Purchasing department but without the transfer of any funds. The Purchasing department will sell these items on a tender basis from the Second-hand Goods Store.

## SELLING PROCEDURE:

- A request for the interdepartmental selling of assets together with a complete list of items must be sent by the seller (Departmental Chairperson/Division Head) to the department: Financial Planning and Asset Management.
- Department: Financial Planning and Asset Management will provide the recommended selling price and will grant the necessary authorization for interdepartmental sales.
- The redundant assets must be advertised by the seller, subject to the above-mentioned conditions.
- The recommended selling price, as obtained by the department: Financial Planning and Asset Management must be authorized by the Dean/Division Head.
- Any personal involvement with regards to the sale of goods should be declared by the seller or decision maker of the transaction to his/her line manager before the sales transaction to any family member or

close relation takes place. The sales transaction should then be handed over to an unrelated staff member unless the authorization of the Dean concerned is granted to allow the initial seller/decision maker to continue the transaction.

- The proceeds of the sale of assets (irrespective of its nature) that were originally purchased from institutional funds, departmental research funds or any other “own” funds and sold within the University gets transferred systematically between the cost centres involved and the account number: 5228. In the case where the assets involved are non-asset-register-items the funds must be transferred by means of an interdepartmental requisition using account number: 5227.
- The seller must submit a written request to the department: Financial Planning and Asset Management for the private sale of the unsold items in the case where, after the minimal 3 advertisements there is still no internal interest in the advertised items and the department/division complied with the above-mentioned requirements.
- **All SU licensed software must be removed from all computers being sold for private use. Written confirmation from IT must be submitted to the department Financial Planning and Asset Management before the selling process can be finalised.**
- The proceeds with regards to the sale of goods to external institutions/ people in their private capacity, of assets (irrespective of its nature) that were originally purchased from institutional funds, departmental research funds or any “own” funds must be deposited in the relevant cost centre of the seller and the account number: 7070 (sales of asset register items) or 7075 (sales of non-asset register items).
- The selling price of unsold items (after advertising) can be reduced with the authorization of the concerned Dean/Departmental Chairperson.
- The proceeds from obsolete laboratory equipment to external institutions/ people in their private capacity, that was originally purchased from the University’s budget funds, must be deposited in the relevant departments XXXXB cost centre and the account number: 7070 (sales of assets register items) or 7075 (sales of non-asset register items). The transfer of funds gets done systematically between the relevant cost centres and account number: 5228 in the case of internal sales of assets register items and in the case where non-asset register items were sold the proceeds gets deposited in account number: 5227 by means of an interdepartmental requisition.
- All asset-items purchased out of the Stellenbosch Trust funds that has fallen into disuse, must be reported to the Senior Director: Research. A written motivation with regards to the replacement of items must be handed in to the Senior Director: Research in the case where the current user of the above-mentioned item wants the proceeds to purchase new research equipment. The proceeds of the sales, in conjunction with the Senior Director: Research, should be relapsed into the Stellenbosch Trust funds for reallocation if no new research equipment is intended to be purchased with these proceeds.

Program EBR001P must be completed by the department/division after the sale of asset register items in order to put the department: Financial Planning and Asset Management in the position to scrap the asset from the register or to be able to transfer the asset to the new OU.

After the completion of selling of non-register items, all concerned documentation regarding the buyer and final selling price, must be send to department: Financial Planning and Asset Management for auditing purposes.

## **2. UNSOLD ASSET-ITEMS**

### **• Collection and Storage of stock**

In the case where there is no interest in the advertised asset-items and the principles prohibits the selling of the asset-item to external institutions or staff members in their private capacity or in the case where the department/ division wants to dispose of second-hand asset-items from the department/ division concerned, the department/division can contact the department: Financial Planning and Asset Management for the removal of excess asset-items. The department: Financial Planning and Asset Management will forward the request to either Information Technology in the case of computer equipment or the Purchasing department in the case of furniture and office equipment but without the transfer of any funds.

The purchasing department will not receive any items for the sole purposes of storage or items that are no longer usable. All furniture and office equipment that gets taken into the Second-hand Goods Store becomes available for redistribution, gets sold off by tender or gets sold as scrap. Any proceeds made from these items sold out of the store get deposited into the central budget and account number: 7075.

The Purchasing department must on request to the department: Financial Planning and Asset Management, in the situation where the removed furniture and office equipment can be redistributed and in the event of it being on the asset register transfer the asset-items to the Second-hand Goods Storeroom. The purchasing department can direct a request to the department: Financial Planning and Asset Management for the transfer of asset-items to the new departments/ divisions should the asset-items get reallocated to another department/ division. In the case where reallocation was not possible within the two month window period, a request should be sent from the Purchasing department to the department: Financial Planning and Asset Management for the removal of the asset-item from the asset register. The asset-item will be removed from the asset register once the request for scrapping has been received.

#### • SALES OF STOCK

Stock in the second-hand goods store will be sold on a regular basis, using a tender process. Stock that does not get sold during the tender process will be sold as scrap. A minimum of 3 quotations for these items are required.

#### • MANAGEMENT OF THE PROCESSES

The Purchasing department is responsible for the collection of the stock, the issue of stock and the sale of stock.

### 3. "E-WASTE"

Obsolete computers, printers, batteries and other electronic equipment handed over to the Department Information Technology for responsible removal, will be stored in the central e-waste depot until permanently removed by the e-waste contractor. The Department Information Technology will follow the necessary controls and procedures to ensure that all items received, will be stored in the depot and thereafter removed by the contractor.

Information Technology will wipe the hard drives of computers before placing in the "e-waste" depot.

#### **Contact department:**

Financial Planning and Asset Management

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2.25

**AUDIT FEES**

Policy Number: 022A/06/04

**Scope:** The policy provides for the defrayal of audit fees within SU.

**Policy:**

**INTERNAL AUDIT FEES**

- Internal audit fees are defrayed centrally, in accordance with the internal audit plan approved by the Audit Committee of Council, as part of the institutional overall expenses.

**EXTERNAL AUDIT FEES**

- **General audit of SU**

External audit fees are defrayed centrally, in accordance with the internal audit plan approved by the Audit Committee of Council, as part of the institutional overall expenses.

- **Outside funds: Statutory grants (for example NRF, Thrip and WRC)**

External audit fees are defrayed centrally, in accordance with the internal audit plan approved by the Audit Committee of Council, as part of the institutional overall expenses.

- **Outside funds: Non-statutory grants**

External audit fees are defrayed by the relevant outside fund.

**NB: No auditor is permitted to do an audit at Stellenbosch University without obtaining prior permission from the Director: Finance and Asset Management.**

**Contact Division:**

Financial Services

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## SU GUIDELINES AND PROCEDURES FOR INSURANCE CLAIMS

**Purview:** The policy contains all information with regard to Stellenbosch University's insurance coverage

**Policy number:** 035A/06/04

**Policy:**

### 1. INTRODUCTION

Stellenbosch University (SU) has a comprehensive insurance portfolio at its disposal. The purpose of this is to ensure, as far as reasonably possible, that all insurable risks within SU enjoy adequate coverage. A detailed summary of SU's insurance policies and the accompanying conditions is available on request at the Financial Planning and Asset Management Section. The portfolio is managed within Finance, by the Financial Planning and Asset Management Section, in collaboration with SU's insurance brokers who are appointed by means of a formal tender procedure every five years.

In order to ensure effective coverage of all insurable risks, all insurance must be regulated and coordinated by the Financial Planning and Asset Management Section and no division/section/department may arrange any insurance coverage without approval by the responsible official at the Financial Planning and Asset Management Section. SU's insurance brokers currently are Alexander Forbes Risk Services, as appointed for a five-year period with effect from 2006, with due allowance for the conditions imposed by the Rector's Management Team during the approval decision with regard to the appointment of brokers.

### 2. ASSET INSURANCE

#### 2.1 INSURED ASSETS

##### 2.1.1 SU ASSETS

All SU assets are covered against fire and related hazards by SU's Asset All Risk Insurance Policy. Assets are only covered if they are recorded on the official asset register of SU, as managed on the central computer system by means of program EBR001P. In order to declare SU's insured assets correctly to the insurers annually, it is essential that the asset register of each department and section be certified annually. Only items that appear in the asset register are insured; any non-asset items that must be insured (e.g. research material and books) may be placed in the asset register under the section Insurable non-asset items (global estimate). The amount for which assets are insured is the replacement value as indicated in the asset register.

If any additional insurance is required with regard to assets that are not covered by the SU policy, it must be arranged by the Financial Planning and Asset Management Section. Any premiums payable for this additional insurance are the responsibility of the department, division or section that requested the additional coverage.

##### 2.1.2 BORROWED ASSETS

From time to time SU also insures equipment or other assets that are borrowed from a third party for official purposes. The equipment will only be insured if a formal written agreement exists between SU and the third party. A copy of the agreement must be sent to the responsible official at the Financial Planning and Asset Management Section, and the following information must appear in the document:

- Detailed description of the assets that are borrowed.

- Replacement value (i.e. the amount for which the assets must be insured) of the assets.
- Period of insurance. PLEASE NOTE: Borrowed assets are only insured in so far as they are in the care of SU and specifically of an official employee of SU.

### 2.1.3 ASSETS IN TRANSIT

All SU assets in transit will be covered under the same conditions as when they are used on campus, provided that they are indicated in the asset register as in transit. The asset is indicated as such by making use of program EBR050P – the procedure is as follow:

- The applicant completes program EBR050P in which an application is made to use an asset for a certain period in a different place than the room/building indicated in the asset register.
- The application is approved or rejected by the head of the environment concerned, or by the person properly authorised by the head, by executing program EBR051P. Please note that if the approval function has been delegated, the delegate's SU number must be given as 'approval' SU number. The program automatically sends an e-mail to the person who must approve the transaction.
- If the final date of the transaction is advanced, program EBR053P is completed.
- Enquiries with regard to assets in transit are made by executing program EBR055P.

## 2.2 INSURANCE AGAINST THEFT

With effect from 1 January 2003 environments themselves are responsible for the replacement of stolen items where forced entry is not involved since this type of coverage is more expensive than dealing with it on a self-insurance basis. However, for the record it is still necessary to report such losses to the Financial Planning and Asset Management Section. This policy applies to office and/or laboratory assets, as well as all assets in transit, and it is therefore important that users see to it that assets within a specific environment are properly secured. Forced entry is defined as follows:

*Loss of or damage to the contents (the property of the insured or for which he/she is responsible) of any insured building on the insured premises because of theft (or any attempt to that end) attended by forceful and violent entry into or exit from such building or because of theft (or any attempt to that end) that follows violence or threat of violence.*

SU's insurance offers coverage with regard to theft with forced entry even though the assets is not on SU's insured premises, but the user is then expected to make certain that the assets is safe and is indicated on the system as assets in transit (see 2.1.3).

If a theft claim does not comply with the requirements for forced entry but it appears that the theft cannot be ascribed to negligence or if there are special circumstances that must be taken into account, the claim will be referred to the Director: Finance and Asset Management for consideration of payment.

**For the complete procedure regarding theft claims, please refer to the downloadable documents on the website of the Financial Planning and Asset Management Section.**

## 2.3 SECURING OF LAPTOP COMPUTERS

Laptop computers are an easy target for theft and the risk increases when the assets are transported outside the borders of the campus and used off-campus. Please take note of the following guidelines that were drawn up in collaboration with SU's Information Technology Division:

- (i) The program EBR050P must be completed electronically and must be approved by the designated person (EBR051P) before you take the lap-top home or use it off-campus.
- (ii) Take care that the laptop information, namely the asset number, description and replacement value, is indicated correctly in the asset register.

- (iii) Take care that the laptop is secured by means of a cable lock if you leave it in your office (the lock fits into a special cable lock slot present on all newer lap-top computers).
- (iv) Take care that the laptop is carried in a quality carry-bag that protects it against the worst knocks and jars.
- (v) On an aeroplane, always keep the laptop in your hand luggage in your own care.
- (vi) Never leave the laptop unattended in a car, preferably lock it up in the boot.

### **3. VEHICLE FLEET AND RENTED VEHICLE INSURANCE**

#### **3.1 INSURED VEHICLES**

- Departmental/division/section vehicles that are controlled by the US Vehicle Fleet.
- Loan/sponsor vehicles for which special arrangements have been made with the Financial Planning and Asset Management Section.
- All vehicles that are booked by the US Vehicle Fleet.
- All rented vehicles from SU's official service providers that are booked by SU's purchase system.

#### **3.2 GENERAL CONDITIONS OF INSURANCE**

- The driver of the vehicle must be in possession of a valid driver's licence, at least one year old, and be able to produce it on request.
- Vehicles are only insured in so far as they are used for official purposes. No vehicle is insured by SU if it is employed for private purposes.
- If a private vehicle is used for official purposes, the owner of the vehicle must ensure that his/her insurer has been informed of the nature of the use.

#### **3.3 EXTENT OF COVERAGE**

Vehicles are covered against damage to the vehicle as a result of collisions, damage to windshields, theft of the vehicle, break-ins at the vehicle, as well as any liability that specifically applies. It also includes any claims that arise when cars that are insured by SU cause damage to any property belonging to a third party.

#### **3.4 DRIVER AND PASSENGER LIABILITY**

SU's car insurance only applies when the University's insured vehicles are employed as listed in Point 4.

##### **3.4.1 DRIVER LIABILITY**

Payment by the insurance can be refused if it is found that one or more of the following circumstances (which are not exhaustive) have occasioned the liability:

The driver:

- (i) Does not have a valid driver's licence,
- (ii) Drove the vehicle in a reckless or negligent manner,
- (iii) Broke any of the laws of the country,
- (iv) Was under the influence of alcohol or some other intoxicant.
- (v) Did not drive the vehicle in executing his/her employer's orders and in the employer's service.

Drivers who break the laws of the country are themselves responsible for any fines that may be imposed on them.

### 3.4.2 PASSENGER LIABILITY

If the driver is involved in an accident and some of the passengers or other third parties are injured and negligence on the side of the driver cannot be proven, a claim cannot be brought against him/her.

However, if negligence can be proven on the side of the driver, a claim may be brought as follows:

#### ROAD ACCIDENT FUND (RAF)

The following amendments were done on 1 August 2008 on the RAF:

- The fault-based system was kept – the injured party must proof liability of other party.
- RAF remuneration levels were reduced. Medical expenses are paid according to public health authorities except for emergency medical expenses that could be higher.
- Loss of income, is limited to R160 000 per year. Loss of supporting claims by dependents is also limited to R160 000 per year for the loss of the sole provider. The limits will escalate on a quarterly base for inflation purposes and will be published in the Government Gazette.
- General aches and pains will be limited to that that occur due to serious injuries and will be assessed by an applicable medical practitioner according to the circumstances.
- Injured members of the same household as the driver will no longer be excluded for remuneration.
- Remuneration for secondary shock by eye witnesses and relatives will no longer be provided by the fund, but can strive there after by means of the common law.
- The statutory limits if recovery out of the common law against drivers, the employees or vehicle owners was kept (except when the fund is no longer able to pay any remuneration amounts).
- The remuneration limit of R25 000 for certain categories of passengers no longer exists.
- Party costs and legal cost are no longer bargained at remuneration settlements as arranged by the fund. It will have to be determined by a court.
- Under certain conditions the RAF may recover its costs from the driver or owner of the vehicle, for example in case of:
  - a. An unlicensed driver.
  - b. Driving under the influence of alcohol or drugs.
  - c. A false statement with regard to the accident to the RAF.
  - d. Failure to inform the RAF of the accident within 14 days if injuries are involved.

**For the complete procedures regarding the report of vehicle fleet claims and rental motor claims, please refer to the downloadable document on the website of the Department of Financial Planning and Asset Management.**

#### **4. STUDENT AND THIRD-PARTY CLAIMS**

Any incident or event in which a third party or student and/or his/her property suffered injury or damage and that may lead to an insurance claim must be reported immediately to the Risk and Protection Services Section. The responsible official at the Financial Planning and Asset Management Section must be notified thereafter of the incident. All correspondence with regard to the incident must also be referred to the responsible official.

The responsible official at the Financial Planning and Asset Management Section shall refer all claims to the insurers. Only after the claim was rejected by the insurers or when it falls within the excess amount, the claim can be considered for payout by the SU according to the judgement of the authorised persons/bodies as mentioned hereunder.

All claims up to R100 000 can be authorised by the Director: Finance and Asset Management or by the Chief Director: Finance. Claims between R100 001 and R500 000 can be authorised by the Chief Operating Officer. Claims exceeding R500 000 must be submitted to the Rectors' Management Committee.

**For the complete procedures regarding the report student and third party claims, please refer to the downloadable document on the website of the Department of Financial Planning and Asset Management.**

**Contact division:**

Financial Planning and Asset Management

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## 2.27 ADVANCES

**Scope: This policy sets out the financial rules and regulations that are applicable to advances.**

Advances, whether in the form of a cheque, electronic payment, foreign exchange or any other form, are issued only in highly exceptional cases, since advance payments pose proven risks. In order to manage these risks, the following conditions apply when an application is submitted for an advance:

- A cheque requisition form, to which the SU number must be affixed, shall be completed in full on the financial system (program FBT199P) and sent to the relevant Faculty Officer (see Addendum A) at the Division: Financial Services.
- The advance settlement form, which is issued with the advance, must be returned to Financial Services within 30 days, along with the necessary documentary evidence. SU retains the right to recover the advance from the recipient's salary should the advance clearance form not be received within 30 days, unless there is a valid reason why the necessary documentary evidence cannot be made available within 30 days.
- Should an unspent amount remain, it shall be paid in at the Cashiers against the same cost centre account number from which the advance was requested, against account 8636. If the advance was in the form of foreign exchange, the unspent amount shall be paid over into the account and in the currency as agreed with the Division: Financial Planning and Asset Management, which arranged this advance.
- Should the costs incurred exceed the advance, an additional payment shall be requested and the necessary documentary evidence submitted.
- Only costs that meet the requirements of the financial policy may be incurred from the advance; any expenses incurred that are in breach of SU policy shall be paid by the person to whom the advance was issued.
- Advance payments are made to creditors of the University only in highly exceptional cases, and shall be considered for approval only after a comprehensive motivation has been submitted to the Director: Financial Services.
- No personal expenditure or remuneration may be paid from an advance.
- Advances for remuneration have to be requested from the Division: Human Resources.
- All documentary evidence shall be produced; if not, the costs shall be borne by the recipient of the advance.
- Advances more than R50 000 must be approved by the Director: Financial Services.

**Contact division:**

Financial Services in the case of advances other than advances for remuneration

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## 3.1 VAT

**Policy number: 005A/25/03/09**

**Scope:** The policy provides the financial guidelines as specified by the Act that is applicable when SU wants to institute a claim for VAT, the method according to which a cost centre's VAT claim percentage is determined and the issuing of invoices.

### **Policy:**

Basic concepts regarding VAT, such as output tax, input tax, taxable purveyances and exempt purveyances are continuously used among University staff in their daily execution of tasks. For the sake of completeness these concepts are briefly explained.

### **OUTPUT TAX**

Output tax is the tax levied when a business provides taxable purveyances (VAT on sales).

### **INPUT TAX**

Input tax is the tax levied with regard to goods and services purchased for providing taxable purveyances (VAT on purchases).

### **EXEMPT DELIVERIES**

The provision of some goods and services is exempt from VAT. Input tax with regard to such purchases is not reclaimable. Educational services and donations, for instance, are exempt from VAT.

### **TAXABLE PURVEYANCES AT STANDARD RATE**

The provision of goods and services is taxable at the standard VAT rate and input tax can be set off against output tax. In practice, the provision of goods and services generally is taxable.

## RECLAIM PERCENTAGE OF A COST CENTRE

All cost centres have a VAT reclaim percentage that varies between 0% and 100%. This percentage is calculated as a percentage of taxable deliveries over total deliveries (taxable plus non-taxable sales). This percentage has no connection to the output VAT that has to be paid to the Receiver of Revenue. All payments to the Receiver normally comprise the full 14% VAT on a specific taxable income. The VAT reclaim percentage can be determined with programs FFB007P and FFB184P.

### Example:

Supposing cost centre X annually receives taxable income of R250 and non-taxable income of R250. Cost centre X consequently has an income of R500 for the year. The VAT reclaim percentage can therefore be presented as follows:

$$\frac{\text{Taxable Income}}{\text{Total Income}} \times \frac{100}{1} = \frac{250}{500} \times \frac{100}{1} = 50\%$$

Supposing cost centre X incurs some expenses worth R228 during the year: This R228 therefore comprises a tariff + 14% VAT, with VAT calculated as follows:

$$\frac{14}{114} \times \frac{228}{1} = \text{R28}$$

Because the cost centre has a 50% VAT reclaim percentage,

$$\frac{50}{100} \times \frac{28}{1} \quad \text{i.e. R14 of the input VAT can therefore be reclaimed.}$$

On the taxable income of R250, however,  $\frac{250}{1} \times \frac{14}{114} = \text{R30.70}$  has to be paid to the Receiver, i.e. the full VAT amount of 14%.

## RECLAIMING VAT

At least three types of tax invoices are applicable for reclaiming VAT. Each type has its own requirements that have to be met by the tax invoice before VAT can be reclaimed.

### Invoices for amounts larger than R5 000 (inclusive of VAT)

The following information has to appear on the invoice:

- that it is a tax invoice
- the supplier's name, address and VAT registration number
- the name, address and VAT registration number of the purchaser
- the invoice number and date
- a description of the goods, as well as the quantity
- the value of the goods and the tax requested

### Invoices for amounts smaller than R5 000 (inclusive of VAT)

When the total amount of the invoice including VAT does not exceed R5 000, the abovementioned remains applicable. It is not necessary, however, to show the supplier's address, the receiver's name and VAT registration number or the quantity of the goods.

## **Situations in which the total amount inclusive of VAT is smaller than R50 for which it is not necessary to generate an invoice**

When the total amount inclusive of VAT does not add up to R50, it is not necessary to generate an invoice. Any buyer who wants to claim VAT has to provide evidence of purchase of the fact that VAT was levied. It is important to indicate the name of the supplier and the fact that VAT was levied on the invoice.

## **VAT LEVIED WHEN INVOICES ARE ISSUED**

All external work, research, consulting and goods that are provided by departments must be invoiced via the debtor's system. All invoices that are issued must be approved by the person whose cost centre is used or by the head of department/executive head/discipline head thereof. The person who issues the invoice must ensure that the correct income account is used. If there is any doubt regarding the income account, Financial Services should be contacted.

No invoice may be created on Stellenbosch University letterheads or generated by computer programs. The debtor's system should always be used to create invoices.

The following income account is used when invoices are created for domestic income:

- 5388: Income sponsorships: Sponsorships are paid towards this income account. VAT is levied.
- 5413: Commissioned research: Funds obtained for contract research are paid towards this income account. VAT is levied.
- 5415: Zero-rated sales: Funds obtained from the sale of exempt products (mainly agricultural products) are paid towards this income account. No VAT is levied.
- 5597: Sundry income (Taxable): Funds obtained for services rendered, goods supplied, research and any other taxable supplies are paid towards this income account, exclusive of payments from the NRF, WRC, other statutory councils and income that belongs specifically to one of the named income accounts. VAT is levied.
- 5267: Department of Water Affairs and Forestry: Funds received from the Department of Water Affairs and Forestry is paid towards this income account. VAT is levied.
- 5270: DST income: Funds received from DST are paid towards this income account.
- 5307: Water Research Commission: Funds received from the Water Research Commission are paid towards this income account. VAT is levied.
- 5387: Income Bursaries: Funds received for paying out bursaries. No VAT is levied.
- 5777: Income received from the attendance of educational seminars, congresses and courses. No VAT is levied.

The following income account is to be used when invoices are created for foreign income:

- 5777: Income received from the attendance of educational seminars, congresses and courses.
- 5598: Foreign payments: Funds received from abroad are paid in against the income account.
- 5387: Income Bursaries: Funds received for paying out bursaries.
- 5592: Foreign Income Exempt: Foreign income received for non-taxable supplies, excluding 5777, 5387 or 5373 (donations)

Please note: No VAT is levied on foreign income.

**Foreign or domestic donations are paid in via the Marketing and Communication Division on income account 5373. Invoices may not be generated for the payment of a donation.**

**No invoices may be issued towards income account 5596 without prior authorisation from Financial Services.**

**When prices are quoted for goods and services, the quotations related to taxable deliveries must make allowance for VAT.**

**No income may be recorded against an expense account.**

**Contact division:**

Financial Services

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## **POLICY FOR FOREIGN PAYMENTS IN TERMS OF THE REGULATIONS OF THE SOUTH AFRICAN RESERVE BANK AND STELLENBOSCH UNIVERSITY**

**Policy number 006A RBS 07/06/2011**

**Scope: The policy provides the financial guidelines as determined by the Reserve Bank of South Africa that is applicable when SU wishes to make foreign payments, whether to foreign enterprises or foreign persons. The policy determines the documentation required for a foreign payment.**

### **Policy:**

Applications for two types of payment can be submitted:

- A foreign cheque (draft)  
or
- a bank transfer / telegraphic transfer (swift transfer)

A foreign cheque (draft) is valid for six months only.

SU has no credit card facility for foreign payments.

### **COSTS**

At present, the minimum cost of a **draft** is R100.00 (inclusive of VAT) and ad valorem 0,35% + VAT, with a maximum cost of R400.00 (inclusive of VAT).

The minimum cost for a **bank transfer** is currently R100.00 (inclusive of VAT) and ad valorem 0.35% + VAT, with a maximum cost of R400.00 (inclusive of VAT). An additional amount of R100.00 (*swift fee*) will also be charged.

Where possible, SU prefers to request a bank transfer, as the transaction is both quicker and more secure. The money that is transferred to the foreign account becomes available within two working days after the completion of the transaction at the local bank. (It only takes longer when FNB is not able to do a direct transfer of the money to the relevant foreign bank and has to make use of an intermediary foreign bank for transferring the money on their behalf.) When a foreign cheque (draft) has to be posted, it sometimes takes very long to reach its destination (the bill is sent by normal airmail, except when a department itself posts it in some other manner or sends it by courier), and the possibility of the bill being lost in the mail has to be borne in mind. FNB only chooses to issue a foreign cheque (draft) when the amount is very small (smaller than USD/EUR/GBP 100.00) and the beneficiary does not prefer a bank transfer, as some foreign banks charge additional banking fees for bank transfers of low value.

Some foreign banks charge extra banking fees for bank transfers. The company has to indicate this on its invoice, or the amount will be deducted from the total amount indicated on the invoice. If the company does not know what the cost is, this can be indicated on their invoice, or they should mention that the particular department is also responsible for foreign banking costs. In such cases, FNB is asked to recoup the additional banking costs from the University's account when the foreign bank passes on the costs (sometimes a number of weeks after completion of the transaction). "Details of charges" on Form A of the bank is then marked as "our" – otherwise it will automatically be marked as "share", which means that the local banking costs are paid by SU and the beneficiary pays the foreign banking costs.

Sometimes more than one foreign bank is involved when a bank transfer is made to a specific foreign bank. FNB is only able to enter into transactions with particular banks and making use of an *intermediary bank* means that such a bank could also charge costs. As there may be instances in which more than one foreign bank may charge costs, the department may be responsible for the overseas banking costs of both banks.

The South African Reserve Bank is responsible for controlling all foreign transactions and the banks (and, therefore, SU) are subject to particular rules and regulations in terms of which all foreign transactions have to occur. If any transaction falls outside the scope of these rules and regulations, a written application has to be directed to the South Africa Reserve Bank (SARB) before such transaction may be paid. The cost related to such an application at present comes to R750.00, and FNB handles such applications on behalf of SU. There usually is a waiting period of six weeks before an answer can be expected from the SARB.

**DOCUMENTATION THAT IS SUBMITTED SHOULD ALWAYS MEET THE FOLLOWING REQUIREMENTS:**

- Invoices must be in English – the bank does not accept invoices in foreign languages.
- If the department is unable to obtain an English invoice, a complete translation of the invoice must be handed in with the original to serve as evidence.
- All invoices must always be made out to Stellenbosch University, and an invoice number and the date must be provided, or it will not be possible to pay the relevant invoice. The address of the University must also be provided.
- Should a year pass since the issuing of an invoice, permission for payment has to be obtained from the Reserve Bank. The application fee of R750.00 is payable by the particular department. Payment of invoices dated more than one year in the past are allowed but not encouraged.
- Payment cannot be made against a quotation or a statement.
- The following information has to be included in the documentation:
  - Name of beneficiary (initials and surname, if it is a person)
  - Overseas address of beneficiary (physical residential address, if it is a person)
  - Amount to be paid and currency. Evidence of the source of the fees that are charged must always be included – fees may not be filled in on order forms or registration forms without attaching some evidence indicating the fees
  - Reason for payment / for what payment is requested
  - If a visitor is to be paid (whether remuneration or refunding of expenses):
    - reason for visit (research; guest speaker; lecturer)
    - duration of visit (dates)
  - In the case of registration for a conference, the name of the conference and details concerning when it takes place (dates) must be provided.
  - In the case of a bank transfer, full banking details have to be provided:
    - full name of bank and “swift” code
    - address
    - IBAN (International Bank Account Number) / account number
    - bank code:

United Kingdom	<b>Sort code</b>	Six figures
U.S.A. & Canada	<b>Routing/ABA/Fed wire number</b>	Nine figures
Europe	<b>BLZ number / BIC number</b>	Eight figures

The IBAN consists of the account number and the bank code and also has to be indicated when it occurs on the invoice / documentary evidence.

- The South African Reserve Bank always requires original documentary evidence, but SU at present has permission to make use of faxed transmission. Only legible faxes are acceptable.
- Invoices that are sent by e-mail as attachments and are printed by the department may also be used as documentary evidence.
- If registration for conferences is done via the Internet, each person who attends the conference has to print out a completed registration form and also ensure that all required information concerning the conference (name of the conference / when (dates) it takes place / overseas address / fees payable) appear on it or print out extra copies and hand these in with the registration form.
- When advance payment for imports are made on a pro forma invoice, the original commercial invoice that is received with the goods is always sent to Financial Services for audit purposes by both our external auditors and the SARB.
- The Reserve Bank undertakes regular inspections at banks and SU has to be able to show any required documentation during such inspections.

### **PAYMENTS IN RAND**

Should a foreign company invoice SU in Rand, payment is made in the equivalent of the Rand in the relevant currency, converted according to the rate on the day of the transaction.

South African companies that invoice in foreign currency are paid in Rand – the Rand equivalent of the currency on the day of the transaction. The foreign payment system should therefore not be used.

If a foreign company invoices SU in Rand and provides banking details of a South African account, the company has to indicate whether it is a ZAR account or a foreign currency account. This will determine which payment system should be used for the specific transaction.

### **PAYMENTS TO STUDENTS OR EMPLOYEES OF SU**

When a Resident of South Africa lives and works abroad, the person may not be paid in foreign currency. A payment in Rand to a South African banking account may be made. If the university/organisation in which the person is employed invoices SU, payment may be made in currency. A person may only be paid in foreign currency after having emigrated to the relevant country and on providing evidence that the emigration was registered by the Financial Surveillance Unit (previously Exchange Control) to FNB.

When a Resident of South Africa (student or employee of SU) goes abroad temporarily (e.g. for research or study purposes for a number of months), payments to such a person may not be made in foreign currency. An application may be directed to the SARB. SU has to declare the reason for this person's going abroad and how SU hopes to benefit from it. The application fee is R750.00 and is payable by the department lodging the request.

## GENERAL PAYMENTS THAT DO NOT REQUIRE RESERVE BANK APPROVAL AND THE TYPE OF DOCUMENTATION REQUIRED

*(Account numbers that have to be used are indicated in brackets)*

- Membership fees and Subscription (2075 / 1443)
  - Subscription form / renewal of membership / subscription notice
- Books / Journals / Publications (1445 / 1435)
  - Invoice / Order form
- Notes (1043)
  - Invoice
- Page costs / Publication costs / Reprints (3144)
  - Invoice
- Abstract/manuscript submission fee for publication/presentation at a conference (3144)
  - Invoice / Official documentation of a conference in which full details of presentation of abstract are present.
- Advertisements (2403)
  - Invoice
- Examination fees (1093)
  - Invoice
- Analytical services (1771)
  - Invoice
- Copyright (2085) Application to be made to the SARB (R750.00 fee)
  - Invoice
- Software licence (1895)
  - Invoice and copy of contract between SU and organisation in which full details are provided.
  - Licences for downloaded software are allowed and should be indicated on the invoice. Physical import of software requires SARB approval (R750.00 fee).
- Software maintenance fees (1895)
  - Invoice and copy of contract between SU and organisation in which full details are provided
- Software downloaded from computer (1895)
  - Invoice
  - Indication that the software was or can be downloaded.
- Repair of apparatus/equipment (1455)
  - Invoice
- Maintenance of apparatus (1455)
  - Invoice
- Registration for conference (2063)
  - Registration form for each person who will be attending the conference – fully completed, as well as full details of conference
  - Copy of **IDENTITY DOCUMENT** of each person who will be attending the conference

### Accommodation during conference (1155)

- Accommodation is frequently arranged by the organisers of a conference and forms part of the registration form or a separate form for accommodation is provided. In such cases, provide a form with full details of each person whose accommodation has to be paid for, as well as details of the conference for which accommodation has to be paid (name and date of conference to be indicated).
- If a person is responsible for arranging accommodation during the conference for himself or herself: invoice from hotel / guest house / quarters in which the person stays.
- Copy of **IDENTITY DOCUMENT** of each person whose accommodation is paid for
- It is important to ensure that the accommodation rates are within the limits of the ECA-rates (refer to policy 4.3, travel and accommodation, of the financial policy).
- Accommodation during overseas visit (1155)
  - Invoice from hotel / guest house / quarters in which the person stays
  - Copy of **IDENTITY DOCUMENT** of each person whose accommodation is paid for
  - It is important to ensure that the accommodation rates are within the limits of the ECA-rates (refer to policy 4.3, travel and accommodation, of the financial policy).
- Direct payment to travel agent for airline ticket for foreign visitor (1155)
  - Invoice from travel agent to SU
- Refunding of expenditure to foreign visitor: airline ticket (1155)
  - Invoice from person/instance to SU with a copy of the airline ticket that confirms the amount. (If the ticket is no longer available, an invoice from the travel agent to indicate that the ticket has been paid for has to be handed in as proof of payment. When tickets are booked electronically, a printout that confirms the booking and some proof of payment must be provided.)
    - Refunding of any other sundry expenses such as accommodation, meals, telephone, car hire, etc. to the visitor has to be made in Rand before such a visitor leaves the country, or SU must pay the expense on behalf of the visitor to the local company/creditor. If a foreign payment is requested for such expenses, Reserve Bank approval must be obtained. Approval can take up to six weeks and a R750 fee is payable by the department.
    - If the visitor is paid for services rendered during the visit to South Africa, these costs can be added to the professional services amount. The full invoice amount will however then be taxable.
- Class fees / course fees (2063)
  - Invoice from university / body where the person will be attending the course
  - Copy of **IDENTITY DOCUMENT** of person who will be going abroad
  - Payment for fulltime study abroad requires SARB approval (R750.00 fee)
- International Office Stellenbosch and Tygerberg (refunding of accommodation deposit / class fees / elective fees to international students) (2845)
  - Official letter from department (on SU/departmental letterhead) to provide information regarding the reason for refunding, the amount, initials and surname of the beneficiary, overseas address and full banking details.
  - Evidence from SU's bank to indicate that money has been paid in on the SU account. (Only a receipt or evidence from the foreign bank to show payment is not accepted as adequate proof.)

- Any refunding of monies received from foreign persons/bodies (e.g. registration for conference in South Africa) (1667)
  - Official letter from Department (on SU/departmental letterhead) in which reason for refunding and all necessary information is provided. When conference fees are reimbursed, a copy of the registration form showing the name and overseas address of the person concerned, must be attached.
  - Evidence from SU's bank to indicate that money has been paid in on the SU account. (Only a receipt or evidence from the foreign bank to show payment is not accepted as adequate proof.)
  
- External examiner / promoter / co-promoter / supervisor / co-supervisor (requested by the Programmes Division) (2197)
  - Letter of appointment from Programmes Division and 'remuneration of external examiner' form completed fully, with the amount indicated in USD (there must be a clear indication with regard to the candidate for whom the examiner is remunerated)
  - External examiners are remunerated on a basis of R2.00 = USD1.00. All fees in Rand are converted to USD. If the person prefers to be remunerated in another currency, this is indicated to the bank and the bank does the conversion from USD to the relevant currency.
  - As the work is done abroad, no tax is levied on the remuneration received by external examiners.
  
- Remuneration of **foreign visitor** (researcher / guest speaker / lecturer )
  - Complete invoice from the **person** to SU (2197)
    - A copy of the **letter of invitation** as compiled by the International Office must be attached.
    - A copy of the person's **passport** must be attached. The passport must be signed and stamped by the International Office before the request for payment is sent to the Financial Services department.
    - A copy of the **visa** must be attached and must be endorsed for teaching or research at SU (or with the recommendation of the International Office on a copy of the visitor's visa). The visa must be signed and stamped by the International Office before the request for payment is sent to the Financial Services department.
    - **Twenty-five per cent tax** is payable by all foreigners who receive any form of remuneration from SU.
  - Complete invoice from the **body** where the person is employed, made out to SU (2195)
    - A copy of invitation / passport / visa is not required.
    - No tax is deducted.
  
- Remuneration for **service rendered abroad** by **person** (2197) / **body** (2195)
  - Complete invoice clearly indicating that the work was done abroad from **person** / **body** to SU.
    - No tax is deducted.
    - Payments in advance for services to be rendered are only allowed if the supplier motivates that such prepayments are the norm in the services sector in which it operates. Confirmation that the service was received should be sent to Financial Services as soon as possible in order to complete the transaction. Financial Services has to confirm receipt of the service to the bankers.

- Remuneration of visiting artist (Department of Music) (2197)
  - Copy of **contract** as compiled by the Department of Music and signed by both parties (SU and artist).
  - All necessary information (name and overseas address of artist, reason and period of visit, amount payable, etc.) must appear on the contract.
    - A copy of the person's **passport** must be attached.
    - A copy of the **visa** must be attached and must be endorsed for performances at the Stellenbosch University (or a copy of the visitor's visa must be attached).
    - **Tax** is payable as confirmed with the Receiver of Revenue by the Department of Music.
  - ❖ Foreign visitors do not receive a daily allowance. Any sundry expenses such as accommodation, meals, telephone, and car hire, etc. must be paid by the SU on behalf of the visitor to the local company/creditor or a refund to the visitor must be made in Rand before the visitor leaves the country.
  - ❖ Daily allowances for SU employees who go abroad (indicated in USD in the Financial Policy) are converted to Rand and paid to them by Financial Services – daily allowances are not paid out in foreign currency.
  - ❖ An official letter from the department is not accepted as adequate proof for any payment to be made to a foreign person, whether for refunding of an air ticket or remuneration.
  - ❖ Foreign payments with regard to registration, accommodation, airline tickets, class fees / course fees, etc. can only be made with regard to SU staff or SU students. If payment must be made for a third person the following procedure must be followed:
    - If the person is a **South African**, a letter which motivates why the SU is responsible for his/her expenses, on a SU letterhead, must be provided. A copy of the person's identification document must be provided as required by the bank.
    - If the person is a **foreigner**, Reserve Bank approval must be obtained before the payment can be finalised. A letter of motivation, on a US letterhead, together with a clear copy of the person's passport is needed. The application fee is R750 and it normally takes a few weeks to be approved. The SU's bank does the application on behalf of Stellenbosch University.
  - If payment must be made for airline tickets for persons who do not come to South Africa (for flights outside South Africa), an application must also first be directed to the SARB.
- Postal fees / shipping fees levied when goods are provided free of charge to SU (1125)  
Complete invoice to SU

## IMPORTS

- Advance payment
  - Payment for imports should only be made after the receipt of the goods in good order and the commercial invoice and import documentation can be provided.
  - If the supplier requires a payment in advance, this should be clearly stipulated on the invoice by the foreign supplier.
  - Payment may not be made against a quotation.
  - Payment may be made against a pro forma (preliminary) invoice for advance payment.
  - Prepayment for orders of capital goods over R150 000 may only be made for one third of the amount. The balance can be paid after receipt of the goods in good order as well as the

receipt of the commercial invoice and import documentation. Letters of credit should be arranged for these orders. The Purchasing and Provision Services division should be contacted to arrange letters of credit.

- When the goods are received, all original bills of entry must be sent to the Foreign Payments Official at Financial Services, together with the original invoice from the clearance agent (e.g. Dock's Shipping, DHL, and FEDEX). This includes the Bill of Entry, Air Waybill (air freight) or Bill of Lading (sea freight), Customs Release Notification (SARS) and the Commercial Invoice. These four documents have to be handed in as proof that the goods were received. If the goods comprise a parcel that is collected from the Post Office, the post office printout that shows the VAT and clearance costs (manifest print) must be handed in with the receipt as proof that the goods have been received. All these documents must be filed for audit purposes for both our external auditors and the SARB as evidence that the goods that are paid for have actually entered the country.
- If the amount is greater than R250 000.00 and the supplier requires the full amount of the invoice before manufacturing/delivering the goods, an application to this effect must be directed to the Reserve Bank. At present, such an application costs **R750** and the Department concerned has to bear the costs. FNB makes application to the SARB on behalf of SU and can only continue with the payment of the relevant invoice when approval for the application is received.

○ Goods already received

Payment is made when the goods are received in good condition. The commercial invoice and proof of the receipt of the goods is necessary before payment can take place.

- If goods are received by mail, the post office receipt (manifest print) and the receipt that shows that VAT and clearance costs have been paid must be handed in or the invoice should be stamped by Customs.
- If a clearance agent like Dock's Shipping is made use of, all clearance documents have to be submitted as proof that the goods have been received. The invoice from the clearance agent must be sent to the Foreign Payments Official at Financial Services, together with the Bill of Entry, Airways bill (air freight) or Bill of Lading (sea freight), Customs Release Notification (SARS) and the Commercial Invoice.
- A packing slip is not accepted as adequate proof.

*Examples of imports:*

Software / computer material (1895 / 1885)  
Research material (3107)  
Consumable material (1405)  
Chemicals (1323)  
Equipment (6975)  
Books (1445)  
Notes (1043)  
Sheet music (1434)  
Video material (1693)

## FOREIGN VISITING ACADEMICS TO SU: ARRANGEMENTS WITH REGARD TO VISAS AND REMUNERATION

This set of guidelines and arrangements are related to non-South African academics from abroad who visit Stellenbosch for a limited period and with whom there is no permanent working relationship.

All visiting academics who participate in the academic programme of Stellenbosch University must have a valid temporary residence permit:

- All visiting academics that are here for a period of **three months and longer** must contact their nearest South African mission and make timely application for a temporary residence permit.
- All visiting academics who are here for a period of less than three months who have a passport from a country with visa exemption (EU, USA, UK) may report to the immigration official when they arrive in South Africa to request a *visitor's visa* endorsed for research or teaching at Stellenbosch University. The following documentation is required:
  - Letters indicating the period and reason for residence from the home university and from Stellenbosch
  - A passport that will remain valid for thirty days after expiry of the period of residence, with at least two blank pages
  - Proof of financial means to cover living expenses locally
  - Return air ticket or proof of adequate funds or cash deposits (value of return flight)
- All visiting academics who are here for a period of *less than three months* who have a passport from a country that requires a visitor's visa must contact their nearest South African mission and make timely application for a temporary residence permit.
- Information regarding SA missions: [www.dfa.gov.za/foreign/sa\\_abroad/index.htm](http://www.dfa.gov.za/foreign/sa_abroad/index.htm)

Invitations to visiting academics/consultants must include the following:

- A standard letter of invitation containing the necessary biographical information and undertakings regarding the nature of the visit and stating that there is no permanent working relationship with the visitor
  - Information regarding visa requirements
  - Very clear information on the financial arrangements for the visit, with the statement that honoraria can only be paid out if the appropriate visitor's visa with endorsement is presented
- Further information, electronic form letter: Lidia du Plessis, International Office, [lidia@sun.ac.za](mailto:lidia@sun.ac.za), tel. 808-2607.*
- Confirmation of the resident status of the visitor to the bank*

Payments to foreign *visiting* academics:

- Foreign *visiting* academics may only receive remuneration or honoraria if such persons have visitor's visas that are endorsed for teaching or research at Stellenbosch or with a recommendation from the International Office on a copy of the visitor's visa.
- Any form of remuneration is subject to 25% tax.
  - A tax certificate can be issued by the Remuneration Division on recommendation from the International Office.
  - The visitor can apply personally to SARS in Bellville for an immediate tax assessment.*Further information: Lidia du Plessis, International Office, [lidia@sun.ac.za](mailto:lidia@sun.ac.za), tel. 808-2607.*
- Actual expenses related to the visit may be reimbursed to the visitor exempt of tax or direct to the service provider (preferably).

Requests for payment:

- Payment of honoraria in Rand: Mr Faizel Rhode, Human Resources Division, tel. 808 2968.
  - Cheque requisition PLUS a copy of the invitation PLUS copies from the passport of the particular person (biographical information and the relevant visa)
- Payment of direct expenses: Financial Services (as applicable to any request for payment)
  - Cheque requisition with the necessary source documents
- Payment in a foreign currency (remuneration / air ticket /): Financial Services Division, tel. 808-2967.
  - Key in Requisition (EAS199P and EAS204P) PLUS **invoice directed to S U signed by the visitor, with a copy of the letter of invitation, passport and visa, as well as documentary proof of expenses.**

Please ensure that the International Office remains informed of visits by sending copies of invitations to Lidia du Plessis, International Office, [lidia@sun.ac.za](mailto:lidia@sun.ac.za), tel. 808 2607.

## PROCEDURE TO BE FOLLOWED BY A DEPARTMENT IN APPLYING FOR FOREIGN PAYMENT

- **Payment for imports (trade payments)**

- The following programs are used for keying in and approving a foreign requisition: **EAS199P** and **EAS204P**. The requisition form and invoice are sent to the Purchasing and Provision Services Division.
- Receipt of goods is done on **EAS213P** when goods are received from abroad.
- An enquiry program, **EAS215P**, can be used to check the status of the requisition and to obtain information concerning requisitions that have been dealt with.

If costly equipment is imported, application can be made for a Letter of Credit, Forward Exchange Contract or advance payment. These applications are handled by the Financial Services or Purchasing and Provision Services Division – the latter fills in the forms when imports are involved.

- The foreign company may require a **letter of credit** from SU. A letter of credit is a guarantee issued by the bank to the beneficiary (or his/her banker) to the effect that payment will be made if the transaction is completed in terms of the conditions set out in the letter of credit. There are different types of letters of credit – the bank will determine the most suitable type for a specific transaction.
- A **Forward Exchange Contract / FEC** – forward cover can be drawn up. This comprises a contract between two parties (SU and the Bank) to exchange a particular currency for another on a specific date in the future, at a rate agreed upon when the contract is drawn up.

- **Other payments not involving imports (non-trade payments)**

- The following programs are used for keying in and obtaining approval for a foreign requisition: **EAS199P** and **EAS204P**. The requisition form and invoice/documentary proof are sent to Financial Services.
- An enquiry program, **EAS215P**, can be used to check the status of the requisition and obtain information regarding finalised requisitions.
- SU has an agreement with FNB whereby requisitions are finalised within one week. Should there therefore be a closing/cut-off date, for instance for registration, requisitions have to be at Financial Services at least one week before such a date.
- Bills of exchange that are issued by the Bank are returned to Financial Services and are sent to the beneficiary by registered airmail. If a department wishes to send it by courier/registered airmail, the department has to indicate that the foreign cheque (draft) has to be sent to them for posting. If payment is made with regard to imports, the foreign cheque (draft) is sent to the Purchasing and Provision Services Division from where it is sent to the beneficiary.
- When a bank transfer is to be made, payment will be indicated in the foreign account two working days after the transaction date. (It is only delayed if more than one foreign bank is involved in the transaction.) If the foreign company/body requests documentary evidence of the bank transfer, the department is responsible for dispatching this abroad by fax. The documentary evidence of transfer is sent by internal mail to the department, from where it can be dispatched abroad by fax or by mail. If payment is related to imports, the documentary evidence is sent to the Purchasing and Provision Services Division, which sends the evidence, order form and invoice by fax to the foreign company.

## **BUYING BACK (CANCELLATION) AND STOPPING OF BILLS OF EXCHANGE**

If a foreign cheque (draft) has to be **bought back (cancelled)**, the original bill, together with a letter from the department indicating the reason for the cancellation, must be sent to Financial Services. The bill must be stamped with the date stamp of Financial Services on the reverse side, and also be signed with A and B signatures. Financial Services thereupon sends the bill to the bank, accompanied by a letter to request that the bill be bought back. It is bought back at the rate of exchange on the day of the transaction (not the rate at which it was issued). Proof of the transaction is sent to Financial Services. When the amount has been checked against the statements, a journal is run to credit the cost point account from which the bill was requested.

Should a foreign cheque (draft) be lost in the mail or should be **stopped** for some reason, the procedure below is followed:

- The department concerned has to take responsibility for any costs involved in stopping the bill. The cost is determined by the foreign bank through which the bill was requested. The cost is recouped from the cost point account from which the transaction was originally requested.
- FNB policy is to delay stopping a bill for a month after the date of issue. Those who request bills of exchange must bear this in mind before summarily directing a request to Financial Services for a foreign cheque (draft) to be stopped and reissued.
- The department must notify Financial Services in writing (memo, letter) that the bill must be stopped and must provide a reason thereto. Financial Services then fills in an indemnity form for issuing a duplicate for the bank to supply details of the bill and the reason for stopping it. This form is signed with an A and B signature and by two witnesses and sent to the bank.

A new transaction, whether for a new bill or a bank transfer, may only be requested when confirmation is received from the bank that the bill has been stopped. This may take a long time, as FNB has to wait for confirmation from the foreign bank (through which the bill was requested) that the cheque has not been cashed.

**Contact division:**  
Financial Services

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### 3.3

## **BILLS OF EXCHANGE AMENDMENT ACT REGARDING THE CROSSING OF CHEQUES**

**Policy Number: 019A/06/04**

**Scope: The policy contains information obtained from the Bills of Exchange Amendment Act, which came into effect on 1 March 2001, and the consequences of the amendments regarding the University.**

### **Policy:**

Parliament amended the legislation relating to the handling of cheques. The new Act, the Bills of Exchange Amendment, came into effect on 1 March 2001. Financial institutions, such as banks, which must comply with the requirements of the Act, were granted a period of grace for its implementation.

The University's cheques should be crossed as "not transferable / not negotiable" to provide maximum protection in the case of theft, or if cheques are lost. In terms of the new Act, it is not illegal to scrap or cancel the "not transferable" crossing on a cheque. A "not transferable" cheque may only be deposited into a bank account in the name of the person to whom the cheque has been issued. A "not transferable" cheque may no longer, as has been the practice until now, be used to pay someone who does not have a bank account. The University's pre-printed cheques therefore may not be used as cash cheques or to pay someone who does not have a cheque account.

Taking into account the period of grace for banks, the University may no longer, as from 1 May 2001, cancel the crossing on cheques. Payments to students with regard to bursaries, for example, as well as credits on student loans, will therefore have to be paid into the relevant beneficiary's bank account. Students will have to ensure that they have a valid bank account. In the case of cheque, savings and transmission accounts, the payments may be paid directly into the relevant bank account if the Financial Services Division has been given the relevant banking details.

The new legislation has, however, also compelled the University to amend its handling of petty cash supplementations and the payment of wages. The current requisition form has been amended to make provision for cash to be paid out.

Authorisation for cash requests will be made available to the beneficiary indicated on the cheque requisition after approval from the office of the Director: Financial Services. As indicated, this cash request document can then be presented to one of the following cashiers for payment of the approved cash amount:

- The SU cashiers at the main campus
- The SU cashiers at the Tygerberg campus
- The SU cashiers at the Bellville Park campus
- The Standard Bank cashier on the main campus
- Standard Bank (Tygermanor branch)
- Standard Bank (Stellenbosch branch)

The relevant SU cashier or Standard Bank cashier will only pay the relevant cash amount to the beneficiary, as initially indicated on the cheque requisition, on presentation of proper identification. The only acceptable identification will be a valid RSA identity document or passport.

### **Contact Division:**

Financial Services

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4.1

## **THE INTERNET**

**Policy number: 007A/06/04**

**Scope: The policy provides the guidelines for access to the Internet.**

### **Policy:**

An official and complete policy document regarding guidelines for access to the Internet is available from Information Technology or from the www website under *IT SERVICES AND FACILITIES*.

### **INTERNET ACCESS FOR STAFF MEMBERS**

The University currently make use of UUNet Internet Africa (e.g. Web and FTP services) as service provider for Internet usage and this is only available to users who register for this Internet service. See the IT website for full details.

### **INTERNET ACCESS FOR STUDENTS**

- Students are able to use their student cards to register for Internet usage at the CUAs. The registration cost of R100.00 a year is debited automatically against the student's account.
- The levy for using the Internet is then debited automatically to the student's account at the end of each month.
- The Internet can be accessed from computers in residence rooms that are linked to the university network, designated computers in the CUAs and the computers in the JS Gericke library that are connected to the Internet.

### **Contact Division:**

Information Technology

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## **GIFTS**

**Policy Number: Finance Committee 22/04/09**

**Scope: The policy provides the financial rules and regulations applicable to the giving and receiving of gifts.**

### **Policy**

#### **PURCHASING OF GIFTS**

- Gifts for personnel are limited to a value of R500 per occasion and are taxable. Where the value of the gift exceeds the limit of R500, permission for the purchase thereof must be requested from the head of the responsibility centre or his/her delegate to be recommended for approval by the Director: Financial Planning and Asset Management prior to the purchase.
- No gifts or flowers may be purchased for personal occasions, e.g. birthdays, weddings or wedding anniversaries. Gifts or flowers for personal occasions (only for births, death and illness of direct family of a staff member, as defined in the Human Resources Policy for compassionate leave) may be purchased up to a maximum value of R500 per occasion. All requests for gifts for staff must be accompanied by a motivation for the gift.
- Where the value of any gift exceeds the limit of R500, permission for the purchase thereof must be submitted to the head of the responsibility centre or his/her delegate to be recommended for approval by the Director: Financial Planning and Asset Management prior to the purchase.
- Gifts for external parties are limited to a value of R1 000 per occasion. All requests for gifts for external parties must be accompanied by a motivation for the gift. Where the value of the gift exceeds the limit of R1 000, permission for the purchase thereof must be submitted to the head of the responsibility centre or his/her delegate to be recommended for approval by the Director: Financial Planning and Asset Management prior to the purchase, Please note that under no circumstance may these gifts act as a substitute for a method of remuneration.

#### **RULES REGARDING PERSONAL PREJUDICE AND THE ACCEPTANCE OF GIFTS**

The values that are expressed in the Strategic Framework of the University require that the integrity of Stellenbosch University and of the staff members who represent the University remains above suspicion or blame in any transaction. Staff members of the University make contact over a wide spectrum with suppliers, representatives of companies and contractors who, in terms of acceptable practice, wish to make gifts available as tokens of appreciation for services rendered. These rules provide for such events for the protection of both parties.

- No staff member of the University or family member of a staff member or Council member may, in regard to his/her business with the University, receive any commission/money or other monetary benefit from any person, company or other organisation, besides remuneration for services rendered, in cash or *in natura*, for which the relevant staff member has approval for outside work in terms of the rules.
- Any gift or benefit, in whichever form, including prizes received as a result of a draw, that exceed R500 must be declared in a register that is kept for this purpose at the office of the Director: Finance and is open to inspection by staff members of the University. The onus to declare lies with the staff member involved.
- Part of the task assigned to staff members of the University is to establish a network with friends in business, but entertainment worth more than R500 or benefits such as travelling and subsistence benefits or visits to entertainment venues at sport stadiums, has to be entered in the register.

- Staff members are expected to exercise their good judgement and not accept invitations that may influence the soundness of their judgment.
- No staff member may under any conditions whatsoever rely on the status of the University to make use of suppliers, representatives of companies, contractors or anyone whatsoever to his/her personal advantage.

**Contact Division:**  
Financial Services

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## **INTERNAL LOANS**

**Policy Number: 011A/22/05/07**

**Scope: The policy provides the financial rules and regulations applicable to the application for and approval of internal loans.**

**Policy:**

- Internal loans to environments for the temporary financing of operating and capital expenditure are considered on merit when the relevant environment does not have adequate funds at its disposal to afford temporary financing in the relevant financial year. For a loan application to be considered, the particular environment must indicate how the obligations of the loan will be met from future income.
- An internal loan will only be made available after a complete debt agreement has been set up and signed by the relevant Responsibility Centre Head. A draft agreement is available from the Director: Financial Planning and Asset Management. The agreement will contain the details, amongst others, of the term for the discharge and the source of financing of the debt (cost point).
- All internal loans up to R500 000.00 may be approved by the Chief Operating Officer or, should he/she not be available, by the Chief Director: Finance. Approval for internal loans worth between R501 000.00 and R5 000 000.00 must be obtained from the Rector's Management Meeting (Finance) or Finance Committee. Applications for loans larger than R5 000 000.00 must be submitted to the Executive Committee (Council).
- Total internal loans that are approved may at no stage exceed 10% of the total investment pool of the University (excluding the Stellenbosch Trust).
- Interest on an internal loan will always be levied at the prime rate – 2%.

The financial administration and control of internal loans are handled by the Financial Planning and Asset Management Division, which calculates interest and discharge entries and keeps a monthly journal.

**Contact Division:**

Financial Planning and Asset Management

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4.4

## **NOTE AND MEMBERSHIP FEES**

**Policy Number: 020A/06/04**

**Scope: The policy organises the levy of note and membership fees on student accounts.**

### **Policy:**

Departments must budget annually for note fees on the prescribed lists provided by the Student Fees Division. These budgets must be submitted to the Student Fees Division before 30 November of the preceding year.

These funds are transferred to the Departments' respective N cost centre (e.g. cost point xxxxN) via the Student Fees Division (after they have been levied to the student accounts) for use. This journal is usually run at the end of the March, on completion of the student registration.

**NB:** It is extremely important that these N cost centre not be over- or under-budget, as they are not supposed to display a credit or debit balance at year end. Consequently, the tariff per copy should be considered carefully when the budget for notes is drawn up.

Since this is a real-time levy, it is important to note that no late budget requests will be accepted.

Other fees that are directly levied to the student account, e.g. membership fees, laboratory fees and travelling expenses, are journalised once a month to the relevant cost centre (CP + ACC 5599).

This journal runs only on the first working day of the new month. It therefore implies that, although levies are already displayed on a student account by the 5<sup>th</sup> of a month, for example, the payment to the respective cost centre will only taking place on the first working day of the next month.

### **Contact Division:**

Student Fees

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## **ENTERTAINMENT**

**Policy Number: Finance Committee 19/11/08**

**Scope: The policy organises the defrayal of entertainment from budget and non-budget funds, providing proof and the requirements for approval to claim back entertainment costs.**

### **Policy:**

Any payments of entertainment costs are subject to the conditions listed below, the availability of funds and, where the functions are being paid out of earmarked third-stream funds, end users must ensure that the payments are subject to the donor's provisions of funding.

- **Entertainment of staff by Management**

Every year, an amount is made available to the members of the Rector's Management, the Chief and Senior Directors and Deans for them to entertain their heads of departments/executive heads/discipline heads and their partners. A maximum limit of R400 per person will be linked to the type of reception and the amount will be adjusted annually by the Chief Operating Officer.

The reception or function may take place at or outside the University, at the person's own discretion.

The **costs** of the receptions and functions will be paid back to the staff member concerned, on submission of the necessary evidence in support of the costs. The costs are defrayed from the budget of the relevant member of staff.

The expenses incurred must be approved by the relevant responsibility centre head before they are paid out. Expenses of the responsibility centre heads must be approved by the Rector. He may delegate this function to the Director Finance and Asset Management. The Rector's expenses are approved by the Chief Operating Officer.

(Each of the abovementioned persons is responsible for ensuring that the expenses that are claimed are in the interests of the University and are thus claimable and realistic.)

- **Official visitors**

Official visitors to SU may be entertained. The work done by the visitor must relate to the University. Official visitors include external examiners. The entertainment of official visitors is limited to R500 per person. Where the value of the entertainment exceeds the limit of R500, this should be submitted for approval to the head of the centre of responsibility or his/her delegate, along with a motivation. The costs for partners of members of staff will only be paid if the visitor's partner attends the reception.

- **Personal Anniversaries**

No functions for anniversaries of a personal nature are allowed, such as birthdays, births and marriages.

- **End-of-year Functions**

Costs of year-end functions are permissible, but are limited to R400 per person and exclude partners. If partners should attend, the entertainment costs are limited to R600 per couple/family.

- **Prize giving**

Costs of entertainment for prize giving for students are permissible, but are limited to R400 per person. Partners of the people who are receiving prizes are permissible, subject to the availability of funds.

- **Retirements**

Costs of receptions for the retirement of personnel are permissible, but are limited to R400 per person and exclude partners, except the partner and guests of the retiree.

- **Entertainment of staff**

Receptions for staff during business hours or extended work hours or on special occasions are permissible, but are limited to R400 per person and exclude partners.

## **LIMIT ON ENTERTAINMENT**

A maximum limit of R400 per person will be linked to entertainment and the amount will be yearly determined by the Chief Operating Officer.

This limit includes all meals, drinks and tips. Tips will be limited to 15% of the account.

Where the limit is exceeded, this has to be submitted for approval to the head of the centre of responsibility or his/her delegate, along with a motivation.

## **PROVISION OF PROOF**

With regard to entertainment costs, all claims must be accompanied by:

- An invoice from the restaurant or an account (and receipts) of costs if the reception was held at home. Merely attaching a credit card slip is not sufficient proof;
- The reason for the reception;
- Who attended the reception; and
- A copy of the conditions of the specific fund (e.g. NRF or contract) where the functions are being paid from earmarked third stream funds.

## **APPROVAL**

All claims with regard to entertainment costs shall be approved as follows:

- All claims must be approved by the relevant departmental chairperson/executive head/discipline head or head of division (non-academic).
- Claims by chairpersons must be approved by the relevant dean and those by the heads of division (non-academic) must be approved by the relevant responsibility centre head. Claims by deans and responsibility centre heads must be approved by the Executive Director: Operations and Finance.

**Contact Division**  
Financial Services

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4.6

## **TELEPHONE LINES**

**Policy Number: 029A/06/04**

**Scope: The policy contains the rules of SU with regard to the installation and moving of telephone lines.**

**Policy:**

Applications for the installation of additional telephones or for moving existing telephones must be submitted to the Financial Planning and Asset Management Division a month in advance. These applications must include the extension number (if relevant), user, building(s), room number(s), department, cost point and the date on which the installation/move must be carried out.

Telephone numbers are linked to a venue and not to a staff member. Telephone numbers will only be moved in exceptional cases and only with prior approval from the Director: Finance. The costs of the move shall be borne by the department/division concerned.

Installation costs for new, additional telephone lines shall be borne by the department/division concerned.

Installation and moving costs as a result of the erection of a new building, the extension of an existing building, or the refurbishment of an existing building will be borne by the project concerned.

**Contact Division:**

Financial Planning and Asset Management

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## **PRIVATE TELEPHONE CALLS AND INTERNET USAGE**

**Policy Number: 023A/06/04**

**Scope: The policy provides for the defrayal of private telephone calls and Internet usage.**

**Policy:**

### **GENERAL**

The University accepts the reality that it is sometimes essential to make a few private telephone calls in the normal course of a business/working day and even to use the Internet for private purposes. SU does not fail to appreciate this reality and practice, but unfortunately can not subsidise the associated costs and has to recoup the costs from the staff member. The following procedures are applicable to the recouping of these costs.

### **PRIVATE TELEPHONE CALLS**

#### **Budget funds**

The department's cost point (account number 1135) is debited with the official and private telephone call costs each month basis by the Financial Planning and Asset Management Division.

Private calls must be requested via the switchboard on extension 9.

The costs for private calls must be recouped from the relevant staff members by the departmental head / head of division/executive head/discipline head and paid in on the balance cost point at the Cashiers (e.g. Cost point xxxB Account number 5597).

#### **Non-budget funds**

The researcher's cost point (account number 1135) is debited with the official and private telephone call costs each month by the Financial Planning and Asset Management Division.

Private calls must be requested via the switchboard on extension 9.

The costs of private calls must be recouped from the researcher and paid into the relevant cost point at the Cashiers (e.g. Cost point xxxx Account number 5597).

### **PRIVATE INTERNET USAGE**

#### **Budget funds**

The department's cost point (account number 2076) is debited with the official and private Internet usage each month by the Financial Planning and Asset Management Division.

Private Internet usage must be recouped from the relevant staff members by the departmental head / head of division/executive head/discipline head and paid in on the balance cost point at the Cashiers (e.g. Cost point xxxB Account number 5597).

#### **Non-budget funds**

The researcher's cost point (account number 2076) is debited with the official and private Internet usage each month by the Financial Planning and Asset Management Division.

Private Internet usage must be recouped from the researcher and paid into the relevant cost point at the cashiers (e.g. Cost point xxxx Account number 5597).

#### **Contact Division:**

Financial Planning and Asset Management

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## **POLICY AND PROCEDURE WITH REGARD TO CELLPHONE AND DATA CARDS**

**Policy Number: 07/07/09**

**Scope: The policy contains the SU rules and procedures with regard to cellular telephones and data cards.**

**Policy:**

### **GENERAL**

Then need for cellular telephones and data cards to be available for official use by staff of the University is increasing. The University wants to fulfil this need in a responsible manner. The operating costs of cellular telephones are considerably higher than those of normal telephones and this means that great care should be taken when fulfilling this need.

The current policy is that the staff member is paid a monthly allowance. The payment of an allowance shall only be considered in cases where this type of instrument is absolutely essential for the proper execution of the staff member's official tasks (see criteria on the basis of which applications will be considered below).

### **PROCEDURE FOR APPLICATION**

- Applications should be completed on the prescribed application form.
- All applications should be submitted for approval to the dean/head of environment via the head of department/executive head/discipline head /division head.
- The dean/head of environment considers the application in the light of the policy, criteria and availability of funds.
- The approved application, together with proof that the staff member has a line rental contract (Companion line contract for support service and official line contract for other official service), should be sent to your Human Resources Practitioner, which will make further arrangements for the payment of the allowance.

### **CRITERIA ACCORDING TO WHICH APPLICATIONS WILL BE CONSIDERED**

The following criteria are applicable when the award of a cellular telephone/data card allowance is considered:

- Immediate availability for making crucial decisions on a 24-hour-a-day basis
- Essential liaison/communication by staff who are on official duty in isolated places where ordinary telephones are not available
- Official support and security service by staff who move around a lot and who need to be contacted immediately in the case of emergencies
- The availability of funds

### **FINANCIAL ARRANGEMENTS**

- A member of staff who is awarded a cellular telephone/data card allowance is personally responsible for obtaining an instrument, entering into a line rental contract in his/her own name and for the monthly payment of the account.
- Because the user is the owner of the instrument, he/she is responsible for insuring the instrument and for its replacement in the case of loss.

- On all approved applications that are sent to Human Resources, the source (cost point) from which the allowance is to be financed must be indicated. (No additional funds are allocated for this purpose and the allowance has to be financed from the normal operating budget or from own funds.)
- The University pays a monthly allowance to the member of staff. The allowance will be reviewed annually by the responsible persons at the Human Resources Department and the Finance Division and if necessary, the proposed changes will be presented for consideration. This monthly allowance is taxable. The allowance from 1 July 2009 is:

Cellphones:

Standby and security services	R335 pm
Other official services	R520 pm

Data cards:

3G <sup>500MB</sup>	R595 pm
3G <sup>1GB</sup>	R1 020 pm
3G <sup>2GB</sup>	R1 870 pm

- If the monthly line rental, insurance and **official** calls amount to more than the prevailing allowance, the staff member is entitled to claim back the amount exceeding the allowance from Financial Services in the usual manner, on submission of proof as explained below. Persons who submit additional cell phone claims from non-budget cost points are still entitled to do so, regardless of whether the staff member receives a cellular phone/data card allowance or not.
- All additional cell phone/data card claims must be sent to Financial Services. Financial Services will check the following:
  - If an original, detailed statement is attached and whether an indication is provided of which calls were for business purposes.
  - Whether the requisition was in fact signed by the head of the person who has requested the additional cell phone claim.

An additional claim from a budget cost point shall only be approved if the claimant already receives a cell phone allowance. Claims from non-budget cost points will be paid out if funds are available at the cost point.

All payments will be done by Human Resources. Claims that are submitted before the cut-off date to Human Resources will be paid, tax free, at the same time as the monthly salary at the end of the month concerned. This amount will appear on the staff member's IRP5 under non-taxable earnings.

### **POOL TELEPHONES/DATA CARDS**

- A few official cellular phones/data card are administered as part of a pool. The University finances the instrument and the line rental. If the need in terms of 4 above is of a one-off and/or short-term nature, a cellular telephone/data card will be made available temporarily to the user.
- An application with reasons for the use of pool telephones must be submitted to Mrs L Engelbrecht, Funds and Assets Control Division. This must be done in accordance with the normal approval process applicable to expenses at least two days before the cellular telephone is required. The pool telephone must be returned to Mrs Engelbrecht as soon as it no longer is needed.
- A nominal rental and call cost will be charged.

**Contact Division:**

Human Resources and  
Funds and Assets Control (with regard to pool telephones/data cards)

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## TRAVELLING AND SUBSISTENCE

Policy Number: Finance Committee

**Scope: The policy contains the rules and regulations of SU and of the Receiver of Revenue regarding travelling and subsistence and is divided as follows:**

- Internal and international air travel
- Vehicle hire
- Accommodation allowance and daily allowances
- Attendance of HESA meetings or workshops
- Travelling expenses of family members
- Approval for the travel of division heads

**Policy:**

### INTERNAL AND INTERNATIONAL AIR TRAVEL

An official policy document with regard to the procedures for booking air travel has been ratified by the Executive Committee of the Rector and is available from the Purchasing and Provision Services Division.

Bookings for air travel must be requested on computer via the program EAS500P.

- All officially approved air travel bookings must be done against account number 1145/1153/1155.
- Regardless which cost point is used (university funds, research funds or any other funds administered by SU), the booking procedures contained in the policy document must be used at all times.
- In terms of policy, air travel bookings must be made through one of the following travel agents: **Indo Jet, Maties Travel Bureau and Neelsie Travel Agency.**
- Air travel is usually only undertaken in **Economy Discount Flight Class**. In the case of any deviations from this procedure entailing air travel in business class (J), first class, full economic class etc., the relevant dean/departmental chairperson/executive head/discipline head is expected to obtain prior authorisation from the Director: Financial Planning and Asset Management. Travel agencies are contractually obliged to book travellers on the most economic discount flight class within economy class.
- Full credit card insurance is applicable to official journeys if the abovementioned travel agents are used. Request more information from the travel agency with regard to cover.
- The agreement with the abovementioned travel agents is such that Voyager Miles (SAA) and BA Executive points may be earned by registered frequent fliers if bookings were made through the official order process.
- Prospective travellers are themselves responsible for ascertaining that their Voyager or Frequent Flyer number appears on the purchase requisition, otherwise the points will be lost.
- Three written quotations from an official air travel agent (currently Maties Travel Bureau, Neelsie Travel Agency and Indo Jet) must be obtained for overseas flights. For internal flights three written quotation must be obtained from an official air travel agent (currently Maties Travel Bureau, Neelsie Travel Agency and Indo Jet). Refer to the next paragraph if an alternative travel agency are used.
- If travellers wish to make use of alternative travel agencies, they have to pay themselves if the air travel agency are not listed on the SU system. Travellers may not pay for themselves at Indo Jet,

Maties Travel Bureau and Neelsie Travel Agency, an official US order number must be issued. Requests for the reimbursement of costs or order numbers with regard to alternative travel agencies must include the following documentation:

- Three quotations of which two quotations must be obtained from one of the following agencies: Indo Jet, Maties Travel Bureau or Neelsie Travel Agency. If an internet ticket is purchased, quotations for internet reservations must also be obtained via the above mentioned travel agencies.
  - The quotations must all be on the same day and the insurance must be equal to Diners Phase II travel cover for overseas flights and Diners Phase I travel cover for local flights.
  - The reimbursement of costs with regard to alternative travel agencies will only be approved if the abovementioned stipulations have been carried out and the alternative travel agent is cheaper. The application must be sent to the Deputy Director: Purchasing and Provision Services.
- The travel agencies may not issue air tickets without an official order number.
  - No personal expenses, e.g. passports, are paid for by the University – these are for the staff member's own account.
  - An air travel insurance claim will be in conjunction with a R500 transaction fee. The transaction fee will only be paid from SU-funds if the cause of the claim occurred during the official part of the journey. If additional air travel insurance is taken out, it shall be for the staff member's own account.
  - **Discovery Health** members will not be permitted to undertake official air travel in order to earn personal **Vitality Club** points. Bookings may not be made directly through SU or through the travel agency at Discovery Health; they must be done directly by the member himself/herself and paid with his/her personal credit card, which is not acceptable in terms of the University's policy and procedure.
  - Tickets purchased via the internet can not be changed, if you cancel the ticket you will lose the full amount of the ticket.
  - If prospective travellers are not familiar with the arrangements for air travel and waste unnecessary time obtaining quotations, rather contact the Purchasing and Provision Services Division, Deputy Director tel. 021-808 4500 or Anita Steyn tel. 021-808 4839.

## VEHICLE HIRE

### SU Vehicle Pool

- The SU Vehicle Pool is situated at 48 Banghoek Road on the Stellenbosch campus, and also on the Tygerberg campus (next to the swimming pool/at the back of the TSS).

Before a member of staff may use his/her own vehicle, he/she should ascertain whether a vehicle is available from the SU Vehicle Pool. Refer to the rules for when own vehicles are used below if no vehicles are available and the staff member makes use of his/her own vehicle.

- A telephonic booking must be made, after which an interdepartmental requisition (program EAS505P), directed at the Vehicle Pool, must be created.

NB: As from 8 April 2002 the way in which Vehicle Pool vehicles are booked will change. A requisition using program EVP213P - Maintenance Vehicle Bookings, will be used to make all bookings. Telephonic bookings will no longer be necessary, as the program will immediately indicate how many vehicles are available for booking and reserve a vehicle automatically.

- The vehicle keys should be picked up during office hours, 08:00 - 12:45 and 13:45 - 16:30.
- The driver must display his/her valid driver's licence when the key is picked up.
- The staff or student card must be used in conjunction with the petrol card (issued with the vehicle key) to open the gate of the vehicle park.
- If prior approval was not received to make use of own transport, the University may withhold repayment of a claim.
- Fines will be payable if the rules of the SU Vehicle Pool (as set out in the logbook) were not complied with.
- If the vehicle is used by a staff member to drive to the airport, the vehicle should be returned immediately, as it may not be parked at the airport.

### **Rules for the use of vehicle pool vehicles**

- Vehicles from the SU Vehicle Pool may only be used for approved journeys by staff and students of the University, as well as by authorised, official visitors to the University. No person may use these vehicles in his/her private capacity.
- Vehicles must be driven and otherwise used in a careful and responsible manner, within the rules and instructions laid down by legislation. Drivers who break the laws of the country will be personally liable for any fines that they receive.
- The drivers of vehicles must ensure that the vehicle is parked in the vehicle park after it has been used. Should a vehicle be returned after hours, it still has to be parked in the vehicle park. Only in exceptional cases may a vehicle overnight outside the University's vehicle park, provided that the Risk and Protection Services Division has granted permission if the officials of the Vehicle Pool are not available. Where such permission has been granted, it is done so on the express condition that the vehicle is parked in a garage that can be locked, or in another secure structure.
- It is compulsory to lock the vehicles and to lock the safety lock on the gear shift when leaving the vehicle. In certain circumstances it is also compulsory to use a steering wheel lock.
- Smoking is not permitted in Vehicle Pool vehicles and in the vehicle park and no pets may be transported in Vehicle Pool vehicles.
- The driver of the vehicle must be in possession of a valid driver's licence that is at least one year old and must be able to display it on request.
- The driver of a vehicle must complete the vehicle's logbook in full.
- The driver must ensure that the vehicle contains a jack, a screw-wrench, spare tyre, petrol card (in the key holder) and instructions for "Action to be taken in the case of an accident" (in the glove compartment) before the vehicle may be used.
- The driver must ensure that the vehicle contains enough fuel for the journey. If fuel needs to be added, the fuel tank should be filled and paid with the vehicle's own petrol card. A receipt must be handed in with the logbook and key.
- The fuel tank of a vehicle should be at least half full when the vehicle is returned to the Vehicle Pool.
- The vehicle's petrol card may not be offered for payment at a tollgate or parking place.
- As far as is possible, the vehicles should be maintained and returned in a clean and neat condition.

- Booking times must be complied with strictly and any cancellations should be made 24 hours before receipt of the car.
- All damage to the vehicle that occurs while it was rented out must be reported to the Vehicle Pool within 12 (twelve) hours after it was incurred.
- The user (Div/Dept/Society/Residence Committee) is liable for any damage to vehicles while they were being rented up to a maximum of R2 500, being the insurance excess, and the relevant cost point of the user will be debited with such amount.
- Failure to comply with the abovementioned rules could lead to the recouping of the additional surcharges listed below from the user (Division/Department/Society/Residence Committee):
  - By accepting the key to the vehicle, the user gives his/her express permission that the relevant surcharge may be recouped on request from his or her salary, student fees account or cost point, whichever is the case.
  - The full repair costs with regard to damage that arises from the unauthorised, malicious or intentional action of the driver.
  - The full repair costs in the case that damage to a vehicle was not reported to the Vehicle Pool within 12 hours, as well as in the case that a vehicle is stolen and such vehicle was not locked as required by paragraph 3 above
  - When a vehicle is returned more than 30 minutes late without permission *R80 (eighty Rand)*
  - When a vehicle is returned containing less than half a tank of fuel *R50 (fifty Rand)*
  - When a booked vehicle that is no longer to be used is not cancelled within 24 hours before taking it into use *R40 (forty Rand)*
  - When the inside of a vehicle is dirty and/or untidy *R40 (forty Rand)*
  - When the doors and/or gear shift lock were not locked *R100 (one hundred Rand)*

#### **Rules for when own vehicle is used**

- The Application for remuneration of transport costs for official use' form must be completed in full, including the date, point of departure and destination of each journey that was undertaken.
- The following fixed distances apply: Stellenbosch to Tygerberg 75 km return; Stellenbosch to Bellville Park Campus 75 km return; and Stellenbosch to Cape Town International Airport 70 km return.
- Only official kilometres may be claimed.
- Kilometres travelled between an employee's residence and the office are not permissible, even if they are travelled after hours.
- The travel claim cannot be made in advance.
- Where long distances have to be travelled, the amount will be limited to the cost of an economy class plane ticket, unless sufficient evidence is presented that the vehicle journey was essential/beneficial under the specific circumstances.
- The owner of the vehicle must ensure that his/her insurer is informed of the nature of the use of the vehicle.
- The completed form must be attached to the request for payment and sent to the Vehicle Pool for approval, after which it will be sent to Financial Services for finalisation.
- Travel claims must be made within three months of the journey.

## Vehicle hire companies

The hire of vehicles for official use

- Account number 1153: Travelling: Daily allowance air car must be used in all cases when hired vehicles are booked for official use.
- The following rules are applicable in all cases where vehicles are hired for official use, regardless of the cost point (university funds, research funds or self-generated funds) – so-called “own funds”) against which the expense is incurred:
  - The University is contractually committed to hiring vehicles only from the following service providers:
    - Bidvest Car Rental
    - Europcar
    - Hertz
    - Avis
  - Tariffs for the hire of vehicles for official use are available on request from the Purchasing and Provision Services Division.
  - Only vehicles in Economy Class may be hired at Bidvest classes P, M, B, C, I and N, Hertz classes A, T, B, U, N and C and at Europcar classes A, T, B, C, I, V and E.

Requests with reasons for hiring vehicles in other (more expensive) classes shall only be considered if it is recommended by the relevant Responsible Centre Head and submitted in good time in writing to the Purchasing and Provision Services Division.

- No booking for the hire of a vehicle for official use shall be accepted without an official requisition having been created. The purpose of the journey and the names of the travellers must be provided in all cases. If a vehicle is hired without an official order being issued, the University reserves the right to refuse to remunerate the user for the costs that were incurred.
- Hired vehicles for official use within national borders are insured against damage arising from accidents or theft by the University’s comprehensive policy. No additional insurance is necessary, but the department is responsible for the payment of the excess.
- The relevant service provider must grant written approval for the use of the hired vehicle outside the country’s borders, in which case the compulsory accident and theft insurance coverage of the service provider must be taken out.
- On acceptance of the booking mentioned above, the Purchasing and Provision Services Division issues the corroborative evidence (voucher) to the service provider concerned which must be collected and presented at the latter Division when the hired vehicle is collected/delivered by the service provider. No vouchers will be faxed to Departments. The service provider concerned will only hand over the hired vehicle if the abovementioned voucher is offered in exchange.
- The person who will drive the hired vehicle must personally collect the vehicle and display a valid driver’s licence. The service provider concerned is obliged to keep a copy of the driver’s licence on record and to ascertain that the driver complies with the required conditions and qualifies for vehicle hire. All other persons who might possibly also drive the vehicle must register in the same manner to ensure that the insurance coverage remains valid.
- The cancellation of an order for a hired vehicle must be sent to the service provider concerned as speedily as possible via the Purchasing and Provision Services Division. If a cancellation is not confirmed in time, the renter will be liable for one day’s rental.

- When vehicles are hired overseas, the University will normally only remunerate costs with regard to vehicles in the Economy and Compact classes, after submission of the necessary proof. Claims for remuneration with regard to vehicles in other classes will only be considered on receipt of the necessary written motivation and the recommendation of the relevant dean/chief director.

**Please note: It is important to familiarize yourself with the provisions of Policy 26.2 Insurance claims relating to vehicle fleet and rental car insurance.**

## SUBSISTENCE ALLOWANCE

After a survey of both domestic and foreign hotel rates, the South African Revenue Service adjusted the tax rules with regard to daily allowances. The policy regarding daily expense rates has consequently been amended with effect from 1 March 2016. Requests for daily allowances for international travel may be made not more than 20 working days prior to the departure date and not more than 10 working days prior to departure for domestic travel.

All requests for a subsistence allowance and daily allowances must include a complete itinerary, letters of invitation, copy of the flight bookings and any other supporting documentation as proof of the official days for which a claim is made. A subsistence allowance and daily allowances cannot be claimed for days for which official leave should be taken.

### Domestic subsistence allowance and daily allowance

Refer to **Schedule A** for the subsistence and daily allowance.

- SU has negotiated **substantially reduced corporate accommodation rates with various hotel groups** that can be accommodated within the prescribed rates. In order to make use of the benefit of these rates, staff members should contact the Purchases Division, who will do the booking on their own or in cooperation with SU-accredited travel agencies.
- Should the staff member be compelled to stay at a specific hotel where the rates amount to more than the permissible maximum, he/she may direct a written motivation to the head of the centre of responsibility concerned or his/her delegate and request that the actual costs is paid out to him/her in such a case.
- The permitted subsistence allowance and daily allowance are subject to the availability of funds as well as any funder limitations that may be applicable.

### Foreign subsistence allowance and daily allowance

- A daily subsistence allowance (for meals and other incidental expenditure) (refer to **Schedule A**) is paid without the submission of any relevant proof of expenses incurred.
- The determination of the amount that can be claimed for a specific day will be determined by the country in which the passport was stamped, i.e. in most cases the domestic daily allowance will be paid for the first and last day of the journey.
- The daily subsistence allowance for meals and other incidental expenditure (see table below) can be paid before departure. In addition, upon submission of the required proof of actual accommodation expenses, up to the maximum of the calculated allowance can be paid out, based on the ECA survey of daily expense rates\* for the relevant country.
- Should the staff member be compelled to stay at a specific hotel where the rates exceed the daily maximum of the ECA allowance, he or she may submit reasons in writing to the head of the relevant responsibility centre or his/her delegate, requesting that he or she be reimbursed for the actual costs incurred at the hotel concerned.
- In cases where the period spent outside the borders of South Africa exceeds six weeks (42 days), the full allowance will be declared as a taxable amount on the employee's IRP5. No tax will be deducted by SU, but employees must keep all relevant proof of expenses relating to personal accommodation and incidental expenses (e.g. accommodation and meals) for their own personal tax returns.
- No distinction is made regarding the source of the funds from which the subsistence and travelling expenses and daily allowance are paid. This means that travel for scientific purposes and grants in this respect – regardless of the source or costing point(s) from which they are funded – must be approved in terms of the official SU policy. This policy equally applies to travels that are undertaken in accordance with the guidelines for the application of allocated publication subsidy funds (SOS funds).

- The permissible subsistence allowance and daily allowance are subject to the availability of funds as well as any funder limitations that may be applicable.
- No additional funds are made available from the budget as a result of the increase in rates.

**\*ECA – Employment Conditions Abroad - *Daily Expense Rates for Business Travellers***

(For enquiries and rates contact the Purchasing and Provision Services Division, tel. 021-808 4839.)

## **TRAVELLING EXPENSES OF FAMILY MEMBERS**

The travelling and subsistence costs of family members accompanying SU staff who undertake an official journey may not be defrayed by SU. These costs must be paid by the staff member concerned. They may not even be paid by SU after the staff member concerned has paid the necessary funds to the University. No expenses with regard to family members accompanying staff members who undertake an official journey may be reflected in the University's books.

## **POLICY IN RESPECT OF HESA MEETINGS OR WORKSHOPS**

Members of the Rector's management team should make provision in their own budgets for expenses related to the attendance of HESA meetings, subcommittee meetings or workshops.

In cases where a staff member is not a member of the Rector's management team, but has been nominated by the Rector to attend a workshop or a meeting by reason of the staff member's particular knowledge or skills, the SU central budget (B064) will cover the travelling expenses.

In cases where a staff member has been directly invited to attend one of the above-mentioned meetings or events, the budget of his or her own environment will be responsible for the costs.

## **APPROVAL FOR THE TRAVEL OF DIVISION HEADS**

Below are the rules for approval of travel for department heads:

- Division heads must submit a formal, appropriately motivated application .
- A complete budget must be submitted to the RC head with an indication of the source of funding.
- The approval processes must be dealt with in accordance with the stipulations contained in this policy.
- An itinerary together with the approval must accompany the request for re-imburement.
- A substitute must be selected during the head's absence.
- A short report on the value of the travel must be submitted to RC head upon the return of any traveller.

### **Contact Division:**

Purchasing and Provision Services & Financial Services

## SCHEDULE A

### Domestic subsistence allowance and daily allowance

- An amount of R372 a day (if overnight accommodation is required for at least one night) will be paid for meals and incidental expenditure without the submission of any relevant proof of expenditure; if no accommodation has been paid by the SU.

or

- An amount of R115 a day (if overnight accommodation is required for at least one night) will be paid before departure for incidental expenditure, and upon submission of the necessary proof of the actual hotel rates and meals, the staff member will be reimbursed up to a maximum of R1 500 (which covers the actual hotel rates and meals).
- Should the staff member be compelled to stay at a specific hotel where the actual rates (hotel rates and meals) exceed the maximum of R1 500 a day, he or she must submit reasons in writing **before departure** to the head of the relevant responsibility centre or his/her delegate, requesting that he or she be reimbursed for the actual costs incurred at the hotel concerned. However, the additional costs for meals may not exceed R200.

or

- R250 per day can be paid after the trip with submission of the necessary proof of the actual cost of meals, if the staff member did not stay over.

### Foreign subsistence allowance and daily allowance

Daily Amount for Travel outside the Republic

Country	Currency	Amount
Albania	Euro	97
Algeria	Euro	110
Angola	US \$	303
Antigua en Barbuda	US \$	220
Argentina	US \$	133
Armenia	US \$	220
Austria	Euro	131
Australia	Australian \$	230
Azerbaijani	US \$	145
Bahamas	US \$	191
Bahrain	B Dinar	36
Bangladesh	US \$	79
Barbados	US \$	202
Belarus	Euro	62
Belgium	Euro	146
Belize	US \$	152
Benin	Euro	89

Bolivia	US \$	78
Bosnia-Herzegovina	Euro	75
Botswana	Pula	826
Brazil	Reals	347
Brunei	US \$	88
Bulgaria	Euro	91
Burkina Faso	CFA Francs	58790
Burundi	Euro	73
Cambodia	US \$	99
Cameroon	Euro	116
Canada	Canadian \$	167
Cape Verde Islands	Euro	65
Central African Republic	Euro	94
Chad	Euro	121
Chile	US \$	128
China (People's Republic)	US \$	127
Colombia	US \$	94
Comoro Island	Euro	122
Cook Islands	New Zealand \$	211
Cote D'Ivoire	Euro	119
Costa Rica	US \$	116
Croatia	Euro	102
Cuba	US \$	124
Cyprus	Euro	117
Czech Republic	Euro	90
Democratic Republic of Congo	US \$	164
Denmark	Danish Kroner	2 328
Djibouti	US \$	99
Dominican Republic	US \$	99
Ecuador	US \$	163
Egypt	US \$	118
El Salvador	US \$	98
Equatorial Guinea	Euro	166
Eritrea	US \$	109
Estonia	Euro	92
Ethiopia	US \$	92
Fiji	US \$	102
Finland	Euro	171
France	Euro	128
Gabon	Euro	172
Gambia	Euro	74

Georgia	US \$	95
Germany	Euro	120
Ghana	US \$	130
Greece	Euro	134
Grenada	US \$	151
Guatemala	US \$	114
Guinea	Euro	78
Guinea Bissau	Euro	59
Guyana	US \$	118
Haiti	US \$	109
Honduras	US \$	186
Hong Kong	Hong Kong \$	1 000
Hungary	Euro	89
Iceland	ISK	25 466
India	Indian Rupee	5 852
Indonesia	US \$	86
Iran	US \$	120
Iraq	US \$	125
Ireland	Euro	139
Israel	US \$	209
Italy	Euro	125
Jamaica	US \$	151
Japan	Yen	16 275
Jordan	US \$	201
Kazakhstan	US \$	141
Kenya	US \$	138
Kiribati	Australian \$	233
Kuwait (State of)	Kuwait Dinars	51
Kyrgyzstan	US \$	172
Laos	US \$	92
Latvia	US \$	150
Lebanon	US \$	158
Lesotho	Rand	750
Liberia	US \$	112
Libya	US \$	120
Lithuania	Euro	154
Macau	Hong Kong \$	1 196
Macedonia (Former Yugoslav)	Euro	100
Madagascar	Euro	59
Madeira	Euro	290
Malawi	Malawi Kwacha	31 254

Malaysia	Ringgit	382
Maldives	US \$	202
Mali	Euro	178
Malta	Euro	132
Marshall Islands	US \$	255
Mauritania	Euro	97
Mauritius	US \$	135
Mexico	Mexican Pesos	1 313
Moldova	US \$	117
Mongolia	US \$	69
Montenegro	Euro	94
Morocco	Dirhams	970
Mozambique	US \$	128
Myanmar	US \$	123
Namibia	Rand	950
Nauru	Australian \$	278
Nepal	US \$	64
Netherlands	Euro	117
New Zealand	New Zealand \$	191
Nicaragua	US \$	90
Niger	Euro	75
Nigeria	US \$	242
Niue	New Zealand \$	252
Norway	NOK	1 760
Oman	Rials Omani	77
Pakistan	Pakistani Rupees	6 235
Palau	US \$	252
Palestine	US \$	147
Panama	US \$	105
Papua New Guinea	Kina	285
Paraguay	US \$	76
Peru	US \$	139
Philippines	US \$	122
Poland	Euro	88
Portugal	Euro	87
Qatar	Qatar Riyals	715
Republic of Congo	Euro	149
Reunion	Euro	164
Romania	Euro	85
Russia	Euro	330
Rwanda	US \$	101

Samoa	Tala	193
Sao Tome	Euro	160
Saudi Arabia	Saudi Riyal	517
Senegal	Euro	113
Serbia	Euro	83
Seychelles	Euro	275
Sierra Leone	US \$	90
Singapore	Singapore \$	232
Slovakia	Euro	102
Slovenia	Euro	106
Solomon Islands	Sol Islands \$	1 107
South Korea, Republic	Korean Won	187735
South Sudan	US \$	265
Spain	Euro	112
Sri Lanka	US \$	100
St. Kitts & Nevis	US \$	227
St. Lucia	US \$	215
St. Vincent & The Grenadines	US \$	187
Sudan	US \$	200
Suriname	US \$	107
Swaziland	Rand	818
Sweden	Swedish Krona	1 317
Switzerland	Swiss Franc (CHF)	201
Syria	US \$	185
Taiwan	New Taiwan \$	3 505
Tajikistan	US \$	97
Tanzania	US \$	129
Thailand	Thai Baht	4 956
Togo	CFA Francs	64 214
Tonga	Pa'anga	251
Trinidad & Tobago	US \$	213
Tunisia	Tunisian Dinar	198
Turkey	Euro	101
Turkmenistan	US \$	125
Tuvalu	Australian \$	339
Uganda	US \$	111
Ukraine	Euro	131
United Arab Emirates	Dirhams	699
United Kingdom	Pounds Sterling	102
Uruguay	US \$	144
USA	US \$	146

Uzbekistan	Euro	80
Vanuatu	US \$	166
Venezuela	US \$	294
Vietnam	US \$	146
Yemen	US \$	94
Zambia	US \$	119
Zimbabwe	US \$	123
Countries not listed	US \$	215

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#### 4.10 PERSONAL EXPENSES

**Policy Number: 039A/06/04**

**Scope:** The policy provides the rules that are applicable with regard to incurring personal expenses from SU cost centre.

**Policy:**

No personal expenses may be incurred from SU cost centre, whether the expense is paid back or not. The incurrence of personal expenses against SU cost centre is against the rules of the Receiver of Revenue and amounts to tax evasion.

**Contact Division:**

Financial Services

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4.11

## **THE PURCHASE OF ACADEMIC/JOB RELATED TEXT BOOKS**

**Policy No: Finance Committee 19/11/08**

**Preamble: The policy contains the SU rules and regulations in respect of the purchase of academic/job related textbooks.**

Policy:

### **THE PURCHASE OF ACADEMIC/JOB RELATED TEXT BOOKS**

The purchase of academic/job related textbooks out of SU funds for personal use is permissible in cases where the textbooks are applied during the course of carrying out one's duties as an SU staff member. The purchase of academic/job related textbooks is subject to the SU Purchasing Policy and Procedure.

In cases where a staff member leaves the employ of SU the academic/job related textbooks remains the property of SU. The departmental chairperson/ discipline head/RC head will determine how the academic/job related textbooks will be applied within the relevant discipline/environment. Any selling, donation or destruction of academic/job related textbooks purchased with SU funding must be approved by the relevant departmental chairperson/ discipline head/RC head.

**Contact Division:**

Financial Services

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## THE PRESENTATION OF CONFERENCES AND CONGRESSES EXCLUDING SHORT COURSES

**Policy Number: Finance Committee 19/11/08**

**Scope:** The policy provides SU rules and regulations regarding the presentation of conferences and congresses excluding short courses.

**Policy:**

### 1. GENERAL

An R cost centre must at all times be opened for conferences and congresses. Cost centres may only be opened for SU conferences and congresses. If a conference or congress is presented, but is not under the name of SU, a motivation with the environmental head's permission, must accompany the cost centre application. These applications will be addressed to the Director: Financial Services for consideration.

### 2. FINANCES

#### 2.1 INCOME

##### 2.1.1 General

Entry fees (domestic or foreign) must at all times be paid in against account number 5777 (CONFERENCES/CONGRESS). Invoices are not compulsory for the receipt of entry fees, unless it is requested by the attendee or the department decides to work on an invoice basis. In most instances, registration forms can be used by applicants as documentation for a payment request from his/her side.

Take Note:

Departments may not issue invoices except on SU central computer system. If a client requests an invoice, the normal route for official invoices is to be followed and the invoice issued against the R cost centre and account number 5777. Payment of such invoice is then made against the relevant invoice number and not directly against the cost centre.

Only delegates that have already paid and/or are able to present proof of payment, may be allowed to the conference/congress. It is the department's responsibility to check that all registration fees have been paid in full and is reflected on the cost point before the commencement of the relevant conference/congress.

##### 2.1.2 Methods of payment

The following methods of payment must be induced on the registration form to ultimately ease and administer payments. The relevant department decides which of the options will be placed on the registration form.

**Payment Options:**

- A. Cheque included
- B. Direct payment into SU bank account / Electronic transfer to SU bank account with R cost centre and name of delegate as reference.
- C. Credit card payment
- D. Needs an official invoice – indicates in whose name the invoice must be and complete application for debtor's code

- **If option B**

Account details (for domestic registration fees where an invoice was not issued)

University of Stellenbosch  
Standard Bank  
Stellenbosch  
Acc: 07 300 6955  
Branch Code: 050610  
Ref: R999 R van der Merwe

Account details (for foreign registration fees where an invoice was not issued)

University of Stellenbosch  
First National Bank  
Cape Town  
Acc: 62107177083  
Swift Code: FIRNZAJJ796  
Ref: R999 R van der Merwe

Then fax or email the payment details to (department's fax or email)

- **If option C**

Please issue the following information on the Credit card payment form:

Credit card number  
Expiry date of credit card  
CVC number (last three digits on back of credit card)  
Amount that must be recovered  
Signature as confirmation  
Confirmation of course name

- **If option D:**

When an official invoice is issued (domestic or foreign) the correct bank details appears on the invoice.

## 2.2 EXPENSES

### 2.2.1 General

The full cost approach is applied in respect of all congress and conference activities of the University. This means that the total income must cover the total direct and indirect expenses, including the 17% surcharge. All direct expenses for the congress/conference must be recorded against the relevant R cost centre and no expenses that does not relate to the conference/congress may be recorded against the relevant R cost centre.

### 2.2.2. Foreign income

Please note that there are costs attached to foreign payments. Costs that may arise:

- Brokers Commission (in the currency that is used for the transaction) in cases where the foreign bank uses a corresponding bank and then also additional bank charges for the foreign transaction – amount is determined after desired and requested by the client.

- Exchange rate profit or loss could also occur and will be recorded as such.

These costs and/or profit or loss is for the account of the relevant department, i.e. it is posted against the relevant R cost centre.

### **2.3 BUDGET**

A budget must be drawn up by the conference or congress leader and presented to the environmental head for approval before commencement of the conference or congress. Any deviation from the budget must be declared to the environmental head. The budget must include the 17% surcharge in the calculation.

### **2.4 PROFIT/LOSS SHARE**

Personnel and/or departments may share in the profit after finalization of the congress/conference, but will also be responsible for any losses suffered according to the profit share formula. The profit/loss sharing formula must be determined before commencement of the conference/congress and must be signed off by the relevant environmental head. Any profit sharing after finalization after conclusion of the conference/congress is subject to SU Financial Policy and Tax Legislation. After the profit/loss sharing the balance of the cost centre must be R0 and the cost point must be closed.

## **3. VAT**

The University of Stellenbosch is an official educational institution and all deliverables of educational services is exempt from VAT. In light hereof, all registration fees received for conferences and congresses will be exempt from VAT.

## **4. SURCHARGE ON GROSS THIRD PARTY STREAM INCOME**

SU policy already determines for a considerable time that all third party stream income is subject to a 17% surcharge. Seeing as the presentation of congresses and conferences is regarded as a third party stream activity, the 17% surcharge is also applicable to this income.

## **5. BANK ACCOUNTS**

No foreign bank accounts may be opened for conferences or congresses that are presented under the delegation of SU.

### **Take Note**

**It is very important that all personnel involved with the arrangement of a short course ascertain themselves with the short courses policy and the information displayed on the webpage of the Department Short Courses <http://www.sun.ac.za/shortcourses/>.**

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## **PRINTER CARTRIDGES**

Scope: This policy sets out the financial rules and regulations that are applicable to the recycling of printer cartridges.

Policy:

**As part of the University's commitment to conserving the environment, all printer cartridges shall be recycled and no printer cartridges may be sold. Stellenbosch University (SU) has been participating in the Hewlett-Packard (HP) recycling programme since 2006. The following collection points have been set up within SU:**

- **FHARGA**
- **GERGA**
- **HUMARGA**
- **NARGA**
- **Division: Purchasing and Provision Services**

Departments are requested to make use of these collection points as far as is possible. However, departments may also register on HP's website and manage their recycling themselves. More information about the recycling programme can be obtained at <http://www.hp.com/hpinfo/globalcitizenship/environment/recycling/product-recycling.html>

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## 5.1

### INDEPENDENT CONTRACTORS AND UNEMPLOYMENT INSURANCE LEGISLATION

**Policy Number: 013A Finance Committee 19/11/08**

**Scope: The policy includes the rules and regulations of the Receiver of Revenue concerning independent contractors and legislation concerning unemployment insurance.**

#### INDEPENDENT CONTRACTORS

In order to determine the status of a person or entity that is contracted to work as an independent contractor, it is important to distinguish between corporate entities, labour brokers and individuals. The status will determine whether employees' tax must be deducted. This also determines whether the payment is made by the department: Financial Services or Human Resources.

#### Corporate Entities

The Receiver strongly discourages the utilisation of corporate entities (for instance close corporations and companies) for reducing or even avoiding employees' tax. A tendency has developed among employers of bodies to create a corporate entity and to view themselves as independent contractors. The corporate entities invoice the employer and no employees' tax is recovered. The Receiver has made it obligatory for the employer to recover normal employees' tax at a rate of 33% and 40% in the case of trusts, or where applicable, according to a directive by the South African Revenue Service. Such an entity will in future, be known as a personal service provider.

The definition of a personal service provider includes:

- any corporate entity where a connected person in relation to that entity, renders a service to the client on behalf of the corporate entity; and
- b) (i) that person would be regarded as an employee of the client if the service was directly delivered by the person to the client; or
- b) (ii) the services are mainly conducted on the premises of the client and the person who renders the service on behalf of the entity, is under control or supervision of the client with regard to the manner in which the duties must be conducted and the working hours that must be adhered to; or
- b) (iii) where more than 80% of the entity's income in the year during which services are rendered are or will be earned from any one client.

It is important to note that if a service is rendered to the University by a connected person in relation to an entity and the entity receives more than 80% from a client other than the University, the entity would also be treated like a non-independent contractor. When determining whether or not an entity is independent, an oath declaration must be obtained wherein the entity confirms that it does not receive more than 80% from a single client.

The definition however, excludes entities that have employed three or more fulltime employees for the year under assessment. These employees must not be connected persons to the entity.

The allowable deductions of a personal service entity are limited to certain expenses for taxation purposes. The entity does therefore not only get taxed at a higher rate, but the taxable income also increases, as certain expenses are not deductible for taxation purposes.

In an attempt to limit the University's risk, written contracts should be in place with all independent contractors, where there is envisaged to regularly, that is daily, weekly, monthly or with other regular periods, make use of the contractor's services.

Stellenbosch University's normal cheque requisition is adjusted so that the department/discipline/ executive head (or person that requests the cheque) ensures that the beneficiary is an independent contractor.

When such an employment company is to be paid, payment will have to be made via the Human Resources system. Where one or more members/shareholders/beneficiaries of the entity are in the service of Stellenbosch University, that entity is automatically regarded as non-independent. Such a service company will receive its remuneration at the end of the month directly in its bank. It should be noted that personal service entities' payment requests must be handed in at Human Resources in good time to be processed at the end of the month. This is subject to the same cut-off dates as all other remuneration requisitions.

Refer to decision-making guidelines [ADDENDUM PART II], the questionnaire to be completed in order to determine if a contractor is independent and the format of the oath declaration that the contractor has to supply in respect of the 80% rule, which is available from the Department: Financial Services.

### **Labour Brokers**

If an individual or corporate entity, in terms of the contract (written or orally) provides the University with **persons** to conduct certain services, for remuneration and the person is remunerated by that individual or corporate entity, that individual or corporate entity will be classified as a labour broker. If the labour broker possesses an IRP30, payments to the labour broker will not be subject to employees' tax. If the labour broker does not possess an IRP30, employees' tax will be deducted against rates provided by SARS that is 33% for companies and close corporations, 40% for trusts and in accordance with the normal statutory tables for individuals.

Labour brokers in possession of an IRP30 are should renew it annually and provide the University with a certified copy of their latest certificate. This IRP30 certificate must be filed in the Department: Financial Services to ensure that the Stellenbosch University is not accountable for employee's tax. Taxation will be charged against the prescribed rates until the latest IRP30 is provided to the department: Financial Services. It is thus important that the Department: Financial Services receive the latest IRP30 in time to avoid unnecessary deduction of employees' tax.

Refer to decision-making guidelines [ADDENDUM PART III], the questionnaire to be completed in order to determine if a contractor is independent and the format of the oath declaration that the contractor has to supply in respect of the 80% rule, which is available from the Department: Financial Services.

### **Individuals**

Payments to the following individuals for services rendered, may qualify as salaries, with the consequence that employees tax must be recouped:

- any individual where a person that renders a service to a client:
- is subject to the control or supervision of the client with regard to the manner in which duties must be performed and the working hours that must be adhered to; and
- 
- where the individual makes use of the client's property, for example the client's computer, office or equipment to render the service;
- 
- any individual that is not a SA resident

In an attempt to limit the University's risk, written contracts should be in place with all independent contractors, where there is envisaged to regularly, that is daily, weekly, monthly or with other regular periods, make use of the contractor's services.

The definition, however excludes the sole proprietorship that employs three or more fulltime employees for the year of assessment and where neither of them are connected persons.

If there is uncertainty, the dominant impression test must be conducted. The test is available from the Department: Financial Services.

If the individual is not independent, he/she is subject to the following taxation:

- if the individual renders a standard service the individual is taxed according to the statutory tables; or
- if the individual does not render a standard service (works less than 22 hours per week) the individual is taxed at 25%; or
- If the individual has received a directive from SARS the individual will be taxed according to that directive. The directive is only valid for the taxation year. The individual must provide the client with a new directive in good time to prevent the taxation according to statutory tables.

If such an individual must be paid, payment must be made via the Human Resources system. It should be noted that the individual's payment request must be handed in at Human Resources in good time to be processed at the end of the month. This is subject to the same cut-off dates as all other remuneration requisitions.

**Individuals** who receive a monthly salary from Stellenbosch University and submit invoices for additional work will henceforth have this income added to their monthly salary. It will be loaded on a separate fringe benefit code and be taxed as for an annual payment.

## **UNEMPLOYMENT INSURANCE LEGISLATION**

- ***As from 1 April 2002, the following legislation with regard to unemployment insurance (henceforth UIF) will be in force:***

### **Who pays UIF?**

- All persons (including students and pensioners) who work for more than 24 hours a month

### **Who is excluded from paying UIF?**

- Employees who work for less than 40 hours a month for a specific employer
- Persons from outside the Republic who are in South Africa to do contract work, services, apprenticeships or learnerships e.g. foreigners
- All persons who, according to PAYE legislation, are independent contractors, i.e. persons or firms paid by Financial Services

### **On which basis is UIF calculated?**

All remuneration, including the following:

- Salaries include all sundry payments to people working for more than 24 hours a month
- Fifty per cent of a travel allowance is counted towards UIF
- Leave payouts
- Overtime
- All allowances, e.g. for entertainment, inconvenience, chairperson, associate dean, non-pension bearing, cellular phone, i.e. any additional allowance that is received
- Wages, irrespective of how regularly wages are paid to specific persons, e.g. weekly, in other words, the regularity of the wages paid
- Bonuses

### **Which remuneration is excluded?**

- Commission received
- Fifty per cent of travel allowance

### **How is UIF calculated?**

- One per cent of the total remuneration, as set out in point 3 (excluding point 4)
- UIF is calculated to a maximum remuneration of R106 032.00 a year, i.e. R88.36 a month.
- A further 1% is contributed by the employer.

### **Which information is required when data is recorded for UIF purposes?**

- Correct identity numbers, as the person will not be able to claim from the UIF if his/her ID number does not correspond to the monthly information that is submitted electronically to the UIF
- The number of hours of work that the person has clocked in the relevant month is extremely important in determining whether the person has to pay a UIF contribution.

### **Contact Division:**

Remuneration

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**RESEARCH COST CENTRE (TYPES AND FUNDING)****Policy Number: 043A/06/04**

**Scope:** The policy provides information regarding the different types of research cost centre and the funding of the research cost centre, as well as the income accounts applicable to the research cost centre.

**Policy:****GENERAL**

A distinction can be made between research cost centre on the basis of funding. If such a distinction is applied within the University environment, the following categories can be identified, each with its income accounts.

**RESEARCH CONTRACTS**

With reference to Good Financial Management and Corporate Governance it is compulsory that a unique cost centre be created for each research contract with financial. This has been approved by the Finance Committee of the university. Projects related to the specific research contract can be managed through this cost centre. The cost centre will be closed as soon as the contract comes to an end.

Income accounts applicable to the cost centre:

<b>Acc nr</b>	<b>Description</b>		<b>Identification</b>	<b>VAT</b>
5267	Department of Water Affairs and Forestry	DWAF	DWAF income	VAT is levied
5270	Department of Science and Technology	DST	DST income	VAT % will be determined
5287	South African Medical Research Council	MRC	MRC income	VAT is levied
5307	Water Research Commission	WRC	WRC income	VAT is levied
5373	Harry and Doris Crossley Foundation	HCF DCF	Donations received from HCF and DCF.	Exempted
5413	Research contracts		Funds received for contract research.	VAT is levied
5413	Protein research foundation	PNT	PNT income	VAT is levied
5540	Wellcome Trust		Wellcome Trust income	Exempted
5590	European Union Funding	EU	European Union funding	Exempted
5592	Foreign income		Foreign income received for non taxable supplies excluding 5777 (conferences), 5387 (bursaries) and 5373 (donations).	Exempted
5598	Foreign income		Foreign income	Exempted
5606	South Africa-Netherlands Research Programme on Alternatives in Development	SANPAD	Funds received from SANPAD. The research program is financed by the Dutch Ministry of Foreign Affairs.	Exempted

## GENERAL RESEARCH COST CENTRE

These types of research cost centre are very common within the University environment and are funded by various institutions (all institutions excluding the other categories mentioned below).

Income accounts applicable to the cost centre:

Acc nr	Description	Identification	VAT
5373	Donations	Donations received from outside institutions or person.	Exempted
5387	Bursary income	Funds received for payment of bursaries.	Exempted
5388	Sponsorship income	Sponsorship income.	VAT is levied
5415	Sales Zero rate	Funds obtained from the sale of exempt products (mainly agricultural products).	Exempted
5592	Foreign income	Foreign income received for non taxable supplies excluding 5777 (conferences), 5387 (bursaries) and 5373 (donations).	Exempted
5597	Sundry Taxable income	Funds obtained for services provided, goods delivered or any other research that is done.	VAT is levied
5598	Foreign income	Foreign income	Exempted

## CONFERENCES, SEMINARS AND WORKSHOPS

An R cost point is created when a department presents a workshop, seminar or conference.

Income accounts:

Acc nr	Description	Identification	VAT
5388	Sponsorship income	Sponsorship income e.g. if an institution sponsors the conference.	VAT is levied
5777	Refresher courses	All registration fees.	Exempted

## NRF

Only income from the NRF may be paid in against this cost point. The allocation of funds to the cost point is done by NRF Accountant at Financial Services.

Income account:

Acc nr	Description	Identification	VAT
5284	NRF income Bursaries	Income received from the NRF for bursaries.	Exempted
5285	NRF income	Income received from NRF	Exempted

## NRF THRIP

Only income from the NRF may be paid in against this cost point. The allocation of funds to the cost point is done by NRF Accountant at Financial Services.

Income account:

Acc nr	Description	Identification	VAT
5286	NRF THRIP income	Income received from NRF THRIP	Exempted

### **C FUNDS (RECTOR'S AWARD FOR EXCELLENCE IN RESEARCH)**

Each person who receives an award from the Rector for excellence in research is given a C cost point. The award is transferred to the person's C cost point by Financial Services.

No income may be paid in against a C cost point.

### **K FUNDS**

Each person who receives a grant from the subcommittees A, B or C is given a K cost point. The grant is transferred to the person's K cost point by Financial Services.

No income may be paid in against a K cost point.

### **S FUNDS (SOS PUBLICATION FUNDS)**

Each department/division that receives a grant from the subcommittees A, B or C is given an S cost point. The grant is transferred to the S cost point of the department/division by Financial Services.

No income may be paid in against an S cost point.

**Contact Division**  
Financial Services

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## RECTOR'S AWARD FOR EXCELLENCE IN RESEARCH

**Policy Number: 025A/06/04**

**Scope: The policy contains the rules and regulations of the University regarding the application of the Rector's Award for Excellence in Research.**

### **Policy:**

The recipient of the award must use the cash amount for academic purposes that are linked to research, e.g. the purchase of equipment, the establishment of infrastructure or the attendance/undertaking of academic events/visits, both domestic and overseas. As a rule, the award is used as determined by the guidelines for the Special Support Scheme for Research (SOS Funds). If the recipient wishes to apply the award for academic purposes other than those applicable for SOS funds, this is subject to the approval of the relevant departmental chairperson/executive head/discipline head with notification to the dean. In the case of chairpersons, approval has to be granted by the dean.

The following additional information is provided:

The amount is placed in a separate cost point under the control of the grantee.

The grantee may use the amount at his/her own discretion, as in the case of the award for excelling in teaching, provided that it takes place in accordance with the possibilities for application of SOS funds (see below). The grantee does not need to obtain permission from the departmental chairperson/executive head/discipline head, or from the dean in the case of the chairperson, for the application of the award, except if it is applied for travels (travelling expenses and the associated accommodation and other costs).

The only control over the application of the funds therefore comes from the Finance Division, which should control that they are in fact applied for the purpose as set out above.

If the amount is to be applied beyond the scope of the application categories of the SOS funds, e.g. for a journey that is not specifically related to research, or for teaching development, the request should be directed via the office of the Senior Director: Research, who has to decide whether the application is in line with the intention of the award. If necessary, the matter should be taken up further with the Vice-Rector (Research and Innovation).

As in the case of all journeys, the application for the utilisation of the funds for journeys must be approved by the dean.

The award may not be paid to the individual as a type of extra remuneration or reward for research (even if the intention is that a portion is subtracted as tax).

The amount concerned is usually used within two years after the award.

The allocated funds may be used for the following purposes:

- Temporary research assistance
- Additional publication costs (page fees and reprints)
- Running expenses for research (also for projects by postgraduate students)
- Purchase of special books or written or electronic sources for the central library or branch libraries (faculty, departmental)
- Purchase of computers and material needed for research

- Purchase of research apparatus
- Travelling and subsistence costs (or supplementation thereof), subject to the University's prevailing support norms, for approved domestic and international travel related to research, for the attendance of domestic or overseas subject conferences, symposia, workshops, visits to other laboratories, research visits to colleagues, field work, etc.
- Membership fees for societies for scientific subject specialists who promote or stimulate research, for example by regularly presenting scientific conferences
- Research fellows
- Research activities by retired staff (in all cases in consultation with the departmental chairperson/executive head/discipline head and the dean of the faculty concerned)
- Bursaries for postgraduate study and postdoctoral fellowships (in accordance with the rules and procedures that are applicable to bursaries from institute funds or departmental outside funds)

**Contact Division:**  
Financial Services

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**SOS PUBLICATION FUNDS**

**Policy Number: 028A/06/04**

**Scope: The policy contains the rules and regulations of the University with regard to the application and award of SOS publication funds.**

**Policy:**

**1. Amounts**

- 1.1 Every year, a global amount, calculated against a unit amount (which is also determined annually), is made available from the funds of the Research Committee for each publication unit that qualifies with the Department of Education for a state subsidy. Said amount is credited to the research accounts of departments/institutes/bureaus/centres/units/identifiable groups. The researchers who have contributed to these outputs must have access to these funds. Separate arrangements are in place for people who have produced outputs but who are not in the full-time or part-time employ of the University.
- 1.2 An amount, as determined by each subcommittee, will be awarded for each credit unit that is earned by both journal articles and books that qualify with the Department of Education for a state subsidy.

**2. Local selection**

- 2.1 An ad hoc committee with the right to co-opt people with the relevant expertise, consisting of the Chairperson of the Research Committee, the Senior Director: Research, the Director: Research (Humanities and Social Sciences) and the chairpersons of Subcommittees A, B and C of the Research Committee, or their alternates, will function every year as a selection committee in order to approve books for the subject specialist for:
  - Inclusion, where applicable, in the University's publication data that have to be sent to the Department of Education, and
  - The purposes of 1.2 above.

**3. Application and control**

The attached guidelines shall serve as basis for the application of the channelled funds as well as control over the application thereof.

## **GUIDELINES FOR THE APPLICATION OF ALLOCATED PUBLICATION SUBSIDY FUNDS AND THE CONTROL THEREOF**

1. The awarded funds must be applied by the relevant department/institute/bureau/centre/unit/ identifiable group to promote research, but only with written approval from the departmental chairperson/executive head/discipline head or director. (In the case of applications from chairpersons and directors, the relevant dean or control committee chairperson may only grant approval for applications for (i) international travelling expenses and/or (ii) the associated subsistence and other costs. With regard to approval for (i) and (ii), researchers at the level of dean must be granted approval by the Vice-Rector (Research and Innovation). All other applications from chairpersons and directors are sent direct to the Financial Services Division for disposal.)
2. The allocated funds to which the researcher concerned should have access (see also point 1.1 of the SOS Rules) may be applied for the following purposes:
  - 2.1 Temporary research assistance.
  - 2.2 Additional publication costs (page fees and reprints).
  - 2.3 Running expenses for research (also for projects by postgraduate students).
  - 2.4 Purchase of special books or printed or electronic sources for the central library or branch libraries (faculty, departmental).
  - 2.5 Purchase of computers and material needed for research.
  - 2.6 Purchase of research apparatus.
  - 2.7 Travelling and subsistence costs (or supplementation thereof), subject to the University's prevailing support norms, for approved domestic and international travel related to research, for the attendance of domestic or overseas subject conferences, symposia, workshops, visits to other laboratories, research visits to colleagues, fieldwork, etc.
  - 2.8 Membership fees for societies for scientific subject specialists who promote or stimulate research, for example by regularly presenting scientific conferences.
  - 2.9 Research fellows.
  - 2.10 Research activities by retired staff (in all cases in consultation with the departmental chairperson/executive head/discipline head and the dean of the faculty concerned).
  - 2.11 Bursaries for postgraduate study and postdoctoral fellowships (in accordance with the rules and procedures that are applicable to bursaries from institute funds or departmental outside funds).
3. Funds that have been allocated in a specific year are transferable.

**Contact Division:**  
Financial Services

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**RESEARCH FINANCES – SUBMISSION OF CLAIMS AND FINANCIAL STATEMENTS**

**Policy Number: 036A/06/04**

**Scope:** The policy contains the dates for the submission of claims and financial statements with regard to certain research institutions, as well as who is responsible for submitting the documentation.

**Policy:**

Various institutions support research at Stellenbosch University. Examples of these are:

- National Research Foundation (NRF)
- Water Research Commission (WRC)
- Medical Research Council (MRC)
- Protein Research Trust (PRT)
- Unifruco
- Outspan
- Technology and Human Resources for Industry Programme (NRF-THRIP)
  - The researcher is responsible for the control of his/her allocated funds. Where necessary, a contract is drawn up between the University and the institution concerned in which the financial policy / claim procedures are set out.
  - The financial policy, as set out in this document, is also applicable to research funds. Essential claim dates and/or due dates for financial statements are as follows:

<b>INSTITUTION</b>	<b>CLAIMS</b>	<b>FINANCIAL STATEMENTS</b>	<b>DATE</b>
NRF	Continuously throughout the year	Submitted by researcher	31/12
WRC	Advances are requested throughout the year	Is compiled by Financial Services and audited by Pricewaterhouse Coopers	28/02
PRT	Advances are requested throughout the year	Compiled by Financial Services	Before or on 16/01
NRF-THRIP	Continuously throughout the year	Submitted by researcher	31/12
NRF	Released once	On request	-
UNIFRUCO	Each term	On request	30/09
OUTSPAN	Each term	On request	-
MRC	Each term	On request	30/06

**Contact Division:**  
Financial Services

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## **6.5 POLICY FOR COSTING AND PRICING OF RESEARCH AND RESEARCH RELATED CONTRACTS**

Approved by the US Senate: 27 November 2009  
Approved by the US Council: 19 April 2010

### **1. PURPOSE OF THE POLICY**

The purpose of the policy is to set a standard full cost calculation basis for the calculation of the costs related to research and research related contracts at SU.

### **2. BACKGROUND**

Under the new Act regarding Intellectual Property Rights from Publicly Financed Research and Development Act, No. 51 of 2008, any research that is undertaken by private funding on a full cost basis, normally will not be subject to the concerned legislation (Refer clause 15.4 of the relevant Act). It is therefore in the interest of SU and its research partners to ensure that the costing of all research and research related contracts takes place on a full cost basis where applicable.

### **3. POLICY**

#### **3.1 Application**

The policy applies to all projects where SU personnel contractually undertake to render research and research related services and consultation to external parties.

The contract cost must be determined according to the guidelines set out in the policy. If the contract price is determined at less than the full cost, a request for such deviation from the prescribed policy must be directed to the Manager: Research Contracts, who will consider it in consultation with the Senior Directors Research & Innovation and/or Finance (as applicable) for recommendation to the Dean, where the Dean must provide final approval for deviations from this policy. Any contract where it has been agreed with the client that the client will obtain intellectual property rights, will however not be priced at less than full cost.

#### **3.2 Price estimation of contracts**

According to the requirements for the estimation of price according to the full cost approach, all contract prices must be calculated in such a way that all costs relating to the project are taken into account by the contract price. The final price or price estimation of a contract, subject to the applicable minimum requirements regarding the full cost calculation, is left to the discretion of the relevant environment, because the costing model provides for a contract margin which can be determined by the relevant environment itself.

#### **3.3 Full cost calculation**

In order to calculate the full cost of an activity/project, the direct cost to the project has to be identified and determined; the indirect cost to the project must also be calculated and the full cost of the project amounts to the sum of these two categories.

##### **3.3.1 Direct cost**

Direct cost is all those costs which can directly be ascribed to the project and can include the following:

- Salary and salary related expenses of personnel involved with the project. The minimum cost of salaries is specifically instructed to correspond with SU's accepted basic remuneration levels and any deviation must be recommended by the Dean/Environmental Head.
- Salaries / bursaries for students participating as research assistants

- Consumable material / stock
- Purchase & maintenance of equipment & components specifically for the project
- Maintenance of equipment
- Computer equipment & software
- Administrative cost and professional management costs directly related to the project
- Laboratory cost
- Cost for use of specialised equipment (eg The Central Analytical Facilities)
- Consultation services that are bought in
- Audit fees (e.g. where the client specifically insist on i.e. annual audited financial reports)
- Travel & Accommodation cost, as well as day fees
- Additional insurance not included in SU's overhead insurance portfolio
- Any other expenses which can directly be ascribed to the project and are not listed above

### 3.3.2 Indirect Cost

Indirect or overhead cost is those expenses incurred by SU and is essential to provide the necessary support in order to successfully manage and deliver the specific research project. Indirect cost does not represent a profit margin for SU, but is determined by a percentage levy of the total project cost for i) institutional and faculty administrative and support services and ii) cost of physical space and facilities.

The indirect cost that is recovered from research contracts, by levies as referred to above, includes the following:

For the income levy:

- Overhead administrative and other costs within the Faculty/Environment
- Information and Communication Services & Support
- Overhead Financial Services
- Legal Services
- Human Resource Services
- Communication and Liaison Services
- Library Services
- International Office
- Overhead Research Support Services
- Student Administrative Services
- Banking cost
- Audit fees (different as prescribed by the client)
- Liability insurance
- For the space and facilities levy:
- Facility Management and Planning Services
- Maintenance of buildings
- Security Services
- Buildings and content insurance
- Cost of municipal services
- Usage of equipment (does not include the use of i.e. Central Analytical Facilities)

The space and facilities levy is determined on the same apportionment basis as the space levy according to SU's accepted budgeting methodology, taking into account the depreciation of equipment.

A set template will be made available by the Divisions Research Development and Finance to assist SU researchers in the calculation of a full cost budget (as prescribed by the relevant Divisions) with a full explanation of costs that should be taken into account for the costing of a research contract on the full cost basis, as well as the calculation of a final contract amount taking into account VAT and any additional cost as determined by the researcher.

In the event where external parties, according to their own protocol, do not allow SU to impose a levy or where another percentage is being prescribed by external parties, a request for exemption has to be addressed to the Manager: Research Contracts, who will consider it for recommendation to the Senior Directors Research & Innovation and/or Finance, as applicable.

In the event where an external party or the National Intellectual Property Management Office (NIMPO<sup>1</sup>) requires a certificate that a specific project has been priced on a full cost basis and / or has been completed, SU will request an external audit report. The relevant environment is at liberty to recover the audit cost from the external party as part of the full cost calculation.

#### **4. DEFINITIONS**

##### **4.1 FULL COST**

The total cost of all resources used to complete the project, as determined in accordance with the international financial reporting standards (IFRS) and it therefore includes all applicable direct and indirect cost as prescribed.

##### **4.2 DIRECT COST**

Direct cost is all those costs which can directly be ascribed to the project.

##### **4.3 INDIRECT COST**

Indirect or overhead cost is those expenses incurred by SU and is essential to provide the necessary support in order to successfully manage and deliver the project.

##### **4.4 COSTING**

Costing contains the calculation of the Full Cost of a project.

##### **4.5 ESTIMATION OF PRICE**

Estimation of price contains the discretionary inclusion or exclusion of profit margins, additional to the Full Cost of a project.

**Contact department:  
Project Accountant  
Division of Research Development**

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<sup>1</sup> National Intellectual Property Management Office, under the Intellectual Property Rights from Publicly Financed Research and Development Act, No. 51 of 2008

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7.

**FINANCIAL REPORTING**

**Policy Number: 042A/06/04**

**Scope: The policy contains guidelines regarding the compilation of financial statements.**

**Policy:**

The financial statement of the institutes and bureaus within the University environment are compiled at the beginning of each year by the relevant officials at Financial Services at the beginning of each year.

For the compilation of any other financial statements during the year, the relevant official at Financial Services should be contacted. The official will make the necessary arrangements with the University's auditors if audited statements are required. See Policy Number 022A/06/04 regarding audit fees for the defrayal of the audit.

**Contact Division:**

Financial Services

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8.1

## **FINANCIAL GUIDELINES WITH REGARD TO PURCHASING AND SELLING LIQUOR IN RESIDENCE CLUBS**

**Policy number: 001A/06/04**

**Scope: The policy provides the financial guidelines with regard to purchasing and selling liquor in residence clubs.**

**Policy:**

### **PURCHASING**

- All purchases of liquor must be done by means of a stock requisition via the Purchasing and Provision Services Division.
- The treasurer of the residence is responsible for keying in the stock requisition.
- Stock requisitions are keyed in against account number 2383 (Refreshments – non academic) and store code 7313 (Liquor Store – Purchases).
- Stock may be purchased only by means of stock requisitions and may under no circumstances be supplemented by cash purchases.
- The stock requisition shall be approved by the resident warden (changed to status 2). Financial Services is not authorised to provide such approval for purchases.

### **SELLING**

- All cash must be kept in a cash box which is to be locked away in a safe.
- An advance of R250.00 may be kept in the cash box, but this advance is only to be used for the purpose of providing change and may not amount to less than the initial advance.
- Only the person responsible in charge of the club may keep the key to the cash box. A duplicate key shall be kept in a sealed envelope by the Financial Planning and Asset Management Division.
- No personal advances may be allocated from the cash box.
- The person responsible may not supplement the cash advance in the cash box from his/her own pocket.
- The cash and receipt book shall be locked in the safe and the key should be carried by the residence treasurer on his/her person.
- The treasurer and person responsible shall count the money, after which the treasurer will issue an official receipt for the cash receipts of the day to the person responsible, always in numerical sequence. This money must immediately be deposited by the treasurer at the cost point of the residence and the SU receipt obtained from the cashier must also be handed to the person responsible for safekeeping.
- Receipt books are available from the Financial Services Division. A separate official SU receipt book must be kept for liquor sales.
- All cash must be deposited each day with the cashiers, accompanied by a completed deposit slip (available from the cashiers). An official University receipt will then be issued. It must be clearly indicated on the receipt that the receipt of cash involved liquor sales. No cash may be allowed to lie around, since the University is not insured against money that is lost.

- All deposits must be made against account number 5597, sundry income taxable. The sale of liquor is subject to the payment of 14% VAT. When determining the selling price of the liquor, 14% VAT should be taken into account.
- If a receipt needs to be cancelled, "Cancelled" should be written across the original receipt, which, as in the case of all copies, must be kept in the receipt book.
- Full receipt books must be taken to the Financial Services Division.
- No duplicates of safe keys may be made.

## STOCK CONTROL

- Each residence must keep an up-to-date sales control form for each event. As soon as all sales for an event have been completed, the sales control form must be reconciled with the cash receipts for the event. This reconciliation should be carried out by the treasurer and the person responsible. Any surpluses or deficits must be declared on the sales control form.
- Example of a sales control form:

Item	Quantity purchased	Purchase price	Selling price	Total selling price
Beer	10	R5.00	R8.00	R80.00
Cold drinks	20	R3.00	R5.00	R100.00

Reconciliation:

Total sales           R180.00  
Cash received         R180.00

Surplus/(Deficit)     R0.00

- At the end of each calendar month, the treasurer and the head student or deputy head student must do a complete stock take. The stock list must be signed by the treasurer and the head student or deputy head student. The stock on hand must be reconciled with the sale control forms, stock requisitions, receipt book and the payments made. Any surpluses or deficits must be declared.
- The sales control forms, SU receipts issued by cashiers, receipt book and stocktaking form must be submitted to Financial Services on the last Thursday of each month.
- Cash and stock counts may be made at any time by the external auditors and/or the Finance Division.

**Contact Division:**  
Financial Services

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## **FINANCIAL MANAGEMENT OF e-CAMPUS PROJECTS**

**Policy Number: 008A/06/04**

**Scope: The policy provides the financial rules and regulations applicable to e-Campus cost centre.**

**Policy:**

### **RULES FOR ALL e-CAMPUS COST CENTRE**

- Financial rules, as set out in the documents "Principles of Financial Management" are applicable to all e-Campus cost centre.
- No overspending is permitted.
- No transfers between cost centre are permitted.
- No post that cannot be afforded from operating costs after the completion of the project may be created.
- Contracts may not be concluded before the budget for the project has received final approval from the Project Council, and then not for longer than provided for by the allocated budget for the project.

### **RULES SPECIFICALLY FOR FACULTY COST CENTRE**

- Faculty cost centre are also subject to the general rules for e-Campus cost centre.
- Entertainment costs may not be recouped from faculty cost centre.
- All payments have to be approved by the Dean or his/her deputy.

### **ALL OTHER e-CAMPUS COST CENTRE**

- Entertainment costs may not exceed 5% of the project's budget.
- Spending must correspond to the items indicated in the budget. The project manager is responsible for ensuring that this correspondence is evident.

### **PROCEDURE FOR REQUESTING AN EXCEPTION**

- NB: No exception to Rule 1 (under Rules for all e-Campus cost centre) is permitted.
- The project manager directs the request, with motivation, to the relevant steering committee (obtain form from Projectus Office).
- If approved by the steering committee, the project manager sends the request, motivation and recommendation of the steering committee to the Projectus officer (ecampus@sun.ac.za).
- The Projectus Office submits the request to the owner of the e-Campus Initiative (Dr B Pool).
- The Projectus Office sends the response to the request to the project manager.
- If the request meets with approval, the Projectus Office sends the request to Financial Services by e-mail. Details concerning the amount and cost centre in question will be indicated in the e-mail message.

**NB! Project managers or owners may not contact Financial Services direct.**

**Contact Division:**

Projectus Office

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8.3

**MEMBERSHIP OF PROFESSIONAL ASSOCIATIONS FOR MEMBERS OF THE RECTOR'S MANAGEMENT TEAM**

**Policy Number: 037A/06/04**

**Scope: The policy contains the rules and regulations of SU with regard to the payment of the membership fees of professional associations for members of the Rector's Management Team.**

**Policy:**

Membership of professional associations for members of the Rector's Management Team is payable from the budget of the relevant responsibility centre, provided that it is in the interests of the relevant portfolio and as such as been approved by the Chief Operating Officer.

**Contact Division:**

Financial Services

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8.4

**LIAISON WITH BANKING INSTITUTIONS**

**Policy Number: 047A/06/04**

**Scope:** The policy contains the rules of SU regarding liaison with banking institutions.

**Policy:**

The Financial Planning and Asset Management Division must be informed of all matters regarding contracts, agreements, discussions, complaints, etc. relating to the respective banking institutions. Financial Planning and Asset Management will decide whether the issue at hand can be dealt with by Financial Planning and Asset Management or by the relevant division.

**Contact Division:**

Financial Planning and Asset Management

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## **RENTING OF SPORTS FACILITIES TO OUTSIDE GROUPS**

**Policy Number: 050A/06/04**

**Scope: The policy contains the procedure relating to the renting of sports facilities to outside groups.**

**Policy:**

### **Current procedure:**

The income from renting facilities to outside groups is currently distributed as follows:

- a) The hockey, netball and athletics clubs receive the full amount, since they have themselves paid for the upgrading of their respective facilities.
- b) The fees for the clubhouses (excluding the Stal and PSO clubhouses), rugby, cricket and soccer clubs are distributed in such a manner that 50% is given to the relevant club and the other 50% goes to a central fund that can be used by the Maties Sport for the maintenance of facilities, which may include the purchase of equipment to be used by the Maties Sport.

The rental tariff for the use of floodlights is as follows:

#### Athletics and rugby:

- a) For category a and b lights: R500.00 an evening.
- b) For category c lights: R750.00 an evening.
- c) For the so-called TV lights, if all the lights are switched on: R1 000.00 an evening.
- d) Hockey: Practices R125.00 an hour, matches R200.00 an hour.
- e) Netball: Practices and or matches R100.00 a court an hour.
- f) Tennis: R3.00, R5.00 and R10.00 a court an hour in the respective categories (a, b, c).

The abovementioned income is distributed as follows:

50% to cost point SBDR5, Maties Sport rental fees – other. The other 50% goes to the club on whose fields the sports event takes place.

### **Proposed procedure:**

1. That the levy and distribution of rental income is handled by the Maties Sport.
2. In cases where sports facilities are rented to outside groups, and where the use of floodlights (hall lights for indoors) is at issue, an hourly tariff will be levied for the use of such lights.
3. The hourly tariff (for the use of floodlights/hall lights) as determined above will be applied for the electricity costs and for the establishment of a replacement reserve fund for the replacement/ maintenance/repair of the floodlight installations.
4. The hourly tariff referred to in 2 above will be calculated separately with regard to each facility or part thereof and will be reviewed by the Maintenance and Operations Division as needed.
5. The proposed procedure for the levy of the mentioned tariff is as follows:
  - i. The SU Maties Sport is responsible for providing a monthly report to the person responsible for utilities (subsequently referred to as the person responsible) at the Financial Planning and Asset Management Division in which the renting to outside groups is set out for the month.
  - ii. This report should contain the following information: the date and time per facility; the type of lights used; and the cost point from which the levy can be recouped, e.g.

<b>Facility</b>	<b>Date</b>	<b>Time</b>	<b>Lighting</b>	<b>Cost point</b>
Coetzenburg Athletics Stadium	24/02/03	19:00 to 21:00	Phase 1, 2 and 3	SSAK0

- iii. The responsible person will record the levy each month.

**Contact Division:**  
Maties Sport

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**8.6****POLICY IN RESPECT OF THE INDIRECT COST RECOVERY RATE (ICRR) WITH REGARD TO THIRD-STREAM INCOME AT STELLENBOSCH UNIVERSITY (SU)**

<b>Statement of policy</b>	
Purpose	Indirect Cost Recovery on Third-stream Income
Type of document	Policy
Commencement date	01/10/2013
Date of next review	01/01/2015
Revision history	Replaces the 12% Policy relating to the Surcharge on Gross Third-stream Income (currently point 2.23 of the Financial Policy)
<b>Ownership of policy</b>	
Owner of policy <sup>2</sup>	Chief Operating Officer
Protector of policy	Chief Director: Finance
Date of approval	30 September 2013
Approved by	Stellenbosch University Council
Key words	Indirect Cost Recovery Rate (ICRR), Third-stream income

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<sup>2</sup> The Chief Operating Officer will initially accept responsibility as policy owner at the institutional level.

## **CONTENT**

1. Context of the indirect cost recovery rate (ICRR)
2. Provisions of the ICRR Policy
  - (A) Government subsidies and other government funding
  - (B) Seconded posts in the context of research contract management
  - (C) Merit-bases prizes
  - (D) Repayment of travel and accommodation costs
  - (E) Donations
  - (F) Bursary income
  - (G) Sport
  - (H) Students' printing fees (computer-user areas) and textbook sales via the Student Fees Division
  - (I) Through-flow funds
  - (J) Equipment
  - (K) Limiting of the ICRR in terms of the policy of funding institutions
3. Institutional division of the ICRR on Gross Third-stream income
4. Full cost
5. SU Policy in respect of the Commercial Exploitation of Intellectual Property

### **Addenda:**

- A: Institutional apportionment of the ICRR on gross third-stream income
- B: Approval process for reduction of or exemption from the ICRR
- C: Funding agencies for which the ICRR currently is fixed at a reduced level  
(is adjusted on the basis of these funders' provisions in this regard)

## 1. CONTEXT OF THE INDIRECT COST RECOVERY RATE (ICRR)

On 19 January 2004, Stellenbosch University (SU) put a system into operation to recover overheads in relation to third-stream income by way of a surcharge. Since SU is largely dependent on outside funds to undertake competitive teaching, research and community interaction, academics are encouraged to obtain outside funds and thereby to promote the core activities of SU. However, teaching, research and community interaction projects that are funded from outside funds are associated with certain indirect costs, and the motivation for the ICRR therefore is to recover these indirect costs and thereby to manage the University as a financially sustainable enterprise. Indirect costs include the costs of the following services, among others: legal services, financial services, human resources services, research management services, information technology services, access to library material, support in matters regarding intellectual property, etcetera.

A further aspect contributing to the need for indirect cost recovery is the national legislation with regard to intellectual property, that is to say the Intellectual Property Rights from Publicly Financed Research and Development Act, No. 51 of 2008 (hereinafter 'the IPR Act'), which requires that, under certain circumstances, institutions that receive public funding have to recover the full cost with regard to contract research. The requirements with regard to full cost are explained in full in the SU Policy for Costing and Pricing of Research and Research-related Contracts (hereinafter 'the Full-cost Policy'), which should be read in conjunction with this document and in terms of which the ICRR is recovered as a component of full cost.

With reference to the abovementioned legislation, a new national approach has been approved with regard to the calculation of the ICRR for all public higher education institutions in South Africa. This approach was approved by the National Intellectual Property Management Office (NIPMO), an office that was established in terms of the IPR Act specifically to implement this Act. In future, SU therefore will calculate the ICRR in a more accurate and nuanced manner than in the past, on the basis of actual information from its financial statements. The ICRR therefore can also be adjusted more often to reflect the actual indirect cost in relation to third-stream income. A specific rate therefore will be valid for at most two years after its date of coming into force for all new contracts that are entered into or other third-stream income received (but it also can be revised more often). The ICRR will in future also include the spatial and facility management costs in relation to third-stream income, which was not the case previously.

The calculation of the full cost related to research projects will be compulsory, as already determined by the SU Full Cost Policy. The aforementioned policy also makes provision for an alternative price to be set, however (other than the calculated full cost), except where the IPR Act requires that the full cost of a research contract be recovered. The recovery of full cost contributes to a more sustainable approach in relation to the execution of projects that are funded by external entities.

## **2. PROVISIONS OF THE ICRR POLICY**

An ICRR will be applied to all gross third-stream income. In this context, gross third-stream income includes the following:

- Research and research-related contracts
- Diverse research, that is research for which no contract exists
- Consulting services
- Sponsorships
- All other product and service sales (including short courses and conferences)

The ICRR is applicable to all environments within SU, both academic and non-academic. This also includes environments with which the University is associated and that make use of SU's services.

Environments retain the right to place additional levies on third-stream funding for activities that do not make a sufficient direct contribution to the core activities of SU. In addition to the recovery of indirect costs, a faculty could for example place an additional levy on research contracts that do not produce sufficient academic outputs.

However, there are specific exceptions with regard to the application of the ICRR on certain funding sources and/or applications, which are discussed below:

### **(A) GOVERNMENT SUBSIDIES AND OTHER GOVERNMENT FUNDING**

Government funding in the form of a government subsidy or earmarked allocation by the government is first-stream income, and therefore is not subject to ICRR. All other government funding, just like any other third-stream income, is subject to the ICRR.

### **(B) SECONDED POSTS IN THE CONTEXT OF RESEARCH CONTRACT MANAGEMENT**

Funds that are earmarked for seconded posts are exempt from the ICRR. A seconded post is when a person is appointed by an outside institution and is then seconded to SU. In such a case, the outside institution pays the remuneration component to the member of staff via SU.

### **(C) MERIT-BASED PRIZES**

No ICRR will be levied on any merit-based prizes, such as the Oppenheimer Prize.

**(D) REPAYMENT OF TRAVEL AND ACCOMMODATION COSTS**

If another institution is responsible for a member of staff's travel and accommodation costs, but the costs are covered provisionally by the University until a repayment is made, this repayment is exempt from the ICRR. However, if the travel and accommodation costs form part of a research agreement, those travel and accommodation costs will not be exempt from the ICRR.

**(E) DONATIONS**

Bona fide donations that are made via the University's donations office are exempt from the ICRR.

**(F) BURSARY INCOME**

If the research allocation includes a bursary amount, this bursary amount is exempt from the ICRR, and has to be indicated separately on the invoice to the funder (account 5387). All other bursary funding that is not related to a research contract is also exempt from the ICRR.

**(G) SPORT**

The membership fees received by sport clubs are exempt from the ICRR.

**(H) STUDENTS' PRINTING FEES (COMPUTER-USER AREAS) AND TEXTBOOK SALES VIA THE STUDENT FEES DIVISION**

Printing fees of students and textbook sales via the Student Fees Division are exempt from the ICRR.

**(I) THROUGH-FLOW FUNDS**

In cases in which the University receives funds as part of a consortium and a portion of those funds flow out directly to other institutions, such portion is regarded as through-flow funds. The income therefore does not accrue to the University, and SU acts only as an agent. However, the payment of funds to a subcontractor that does not belong to a consortium is not through-flow funds. Through-flow funds are not exempt from the ICRR, but it is possible to apply for a reduction of or exemption from the ICRR by means of the process set out in **Addendum B**. Approval for the exemption or reduction must be obtained before the contract is finally signed. The amount that is not paid over to other institutions, however, but is managed within an SU cost point, will be subject to the full ICRR.

## **(J) EQUIPMENT**

The ICRR is also applicable to funds for equipment that forms part of the direct costs of the budget for a third-stream income project (for example a research contract or short course). In exceptional cases, where equipment forms an intrinsic part of the budget, an application for exemption from or reduction of the ICRR on the equipment component can be done. This application is done by way of the process set out in **Addendum B**.

## **(K) LIMITING OF THE ICRR IN TERMS OF THE POLICY OF FUNDING INSTITUTIONS**

Some funding agencies place limits on indirect cost recovery. Where such funding agencies appear on the institutional list (**Addendum C**), such a provision is currently acknowledged by SU. In highly exceptional cases, where other funding institutions place a limit on the recovery of indirect costs with regard to projects that are funded by them in terms of their official policy, a formal application for the reduction of the ICRR needs to be made in terms of the process in **Addendum B**.

### **3. INSTITUTIONAL DIVISION OF THE ICRR ON GROSS THIRD-STREAM INCOME**

The ICRR is apportioned to the environments in which the costs were incurred. **Addendum A** contains an explanation of the apportionment applicable to all third-stream income.

### **4. FULL COST**

The ICRR is a standard line item that needs to be brought into calculation in a full cost budget. No exemption will be granted when a project has to be calculated at full cost as a result of a specific intellectual property transaction. For more information on the Full-cost Policy, consult <http://www0.sun.ac.za/research/research-contracts/financial-information/preparing-a-budget-full-cost.html>.

### **5. SU POLICY IN RESPECT OF THE COMMERCIAL EXPLOITATION OF INTELLECTUAL PROPERTY**

The ICRR Policy must be read in conjunction with the SU Policy in respect of the Commercial Exploitation of Intellectual Property.

## **ADDENDUM A: INSTITUTIONAL APPORTIONMENT OF THE ICRR ON GROSS THIRD-STREAM INCOME**

The ICRR amounts to 17% of turnover (21% of direct costs). It refers to the following costs and is divided as follows:

1. The support and institutional expenditure funded by the first- and second-stream income amounts to 12,2%. Consequently, 12,2/17 (12,2 percentage points, or 72% of the ICRR) must be apportioned to the main budget, where it will appear as an income line in the main budget and will be divided according to the appropriate budget apportionment model.

The expenditure referred to above includes the following costs, among others:

- Human resources services
- Overarching financial services
- Information technology and communication services and support
- Legal services
- Communication and liaison services
- Library services
- Postgraduate and International Office
- Overarching research support services
- Research allocations to subcommittees A, B and C
- Bank costs, audit fees
- All insurance (among others accountability, assets, transit), excluding building insurance
- Campus health services
- Maties Sport and sport fields
- InnovUS (support-related operating costs)

2. The costs that form part of the ICRR, but that are already covered by the faculties/centres of responsibility and have to be recovered from the client/funder amount to 4,6%. Consequently, 4,6/17 (4,6 percentage points, or 27% of the surcharge) must be apportioned directly to the environment (both academic and non-academic) where the third-stream income is earned. This portion is apportioned directly to the environments that generate the income (cost point linked to the dean or the head of the centre of responsibility in the Rector's Management Team (RMT) under whom the department/division falls in which the income is generated) before the rest of the ICRR is divided.

The costs that are already covered by the environments comprise the following:

- Facility management and planning services
- Maintenance of buildings
- Security services
- Insurance of buildings
- Cost of municipal services, such as water, electricity, property tax, etcetera

3. The support costs of the Vice-Rector (Research and Innovation) that comprise part of the ICRR and are funded directly from the ICRR apportionment amount to 0,2%. Consequently, 0,2/17 (0,2 percentage points, or 1% of the ICRR) must be apportioned directly to a central research fund, which may be used in support of research and research-related activities at the discretion of the Vice-Rector (Research and Innovation).

## **ADDENDUM B: APPROVAL PROCESS FOR REDUCTION OF OR EXEMPTION FROM THE ICRR**

The process for the approval of any deviations from the ICRR will only be valid if such deviation falls in one of the categories in the policy for which application may be made expressly for a reduction of or exemption from the ICRR. In such appropriate cases, the process is as follows:

A complete application must be sent to the Senior Accountant: Financial Services, who will refer it to the Senior Director: Research and Innovation and the Director: Financial Services. If all the measures below are complied with in full, the application will be submitted for consideration to the Vice-Rector (Research and Innovation) and the Chief Operating Officer.

The chief researcher or coordinator of the project must provide the following information and include it in the application:

- A brief summary of the (research) contract, the strategic importance therefore for the environment concerned and for the University, as well as the contract amount concerned. This summary should also indicate clearly what academic outputs (research publications, postgraduate students) or other appropriate outputs would arise from the contract.
- A copy of the complete costing for the project
- Proof of the official policy (if available) of the funder concerned that includes a description of the provisions of that funder with regard to indirect cost levies
- A full motivation by the dean or line manager concerned in which the following are confirmed:
  - o that the funder concerned is pursuing a long-term relationship with SU what will produce exceptional academic outputs;
  - o that the contract is in the strategic interests of SU;
  - o that proof has been provided of statutory provisions that limit the levies; and
  - o that the environment is prepared to forfeit the income share of the levy.

The Vice-Rector (Research and Innovation) and the Chief Operating Officer will only consider such a reduction of or exemption from the ICRR in appropriate cases.

## ADDENDUM C: FUNDING AGENCIES FOR WHICH THE ICRR CURRENTLY IS FIXED AT A REDUCED LEVEL

The following table will only be adjusted on the approval of the Vice-Rector (Research and Innovation) and the Chief Operating Officer.

INSTITUTION	REQUIREMENTS OF INSTITUTION	VIEW OF SU
<b>Funding from South African government institutions</b>		
Technology and Human Resources for Industry Programme (THRIP)	10% of total budget (hence industry amount + THRIP amount)	The <i>ICRR is in fact</i> recovered from the industry portion of the income, but not from the NRF portion.
All programmes of the National Research Foundation (NRF) (excluding THRIP)	0%	0%
NRF/National Laser Centre	0%	0%
<b>Research foundations and trusts</b>		
Wellcome Trust	0%	0%
<b>Research institutes</b>		
National Institutes of Health (NIH)	8% of total direct costs, excluding equipment	8% of total direct costs, excluding equipment
<b>Large national and international companies</b>		
ESKOM TESP	2%	2%
ESKOM BRAD	2%	2%

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## 9. PURCHASING AND TENDER POLICY AND PROCEDURE

**Policy number:** Finance Committee 24/04/2009  
 Rectors Management Team 07/06/2011  
 Rectors Management Team 07/05/2013

**Scope:** The policy contains financial guidelines and procedures with regard to purchasing of goods and services and tenders.

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## A. POLICY FOR CENTRALISED PURCHASING MANAGEMENT

The management strategy of Stellenbosch University (SU) entails the decentralisation of decision making and capacities as much as possible within a centralised management and coordinating structure. The **purchasing function** of Stellenbosch University is, however, managed by a **centralised Purchasing and Provision Services division and provisioning** and its control is computerised. The policy and system require that **all purchases** be channelled to the central office for purchasing to be coordinated and administered. An **official university order**, as issued or confirmed by computer by an authorised buyer on behalf of the Chief Operating Officer, **is therefore the only means by which the University can be bound to a purchase, service or lease transaction.**

Stellenbosch University is a corporate body and can therefore be bound by contractual rights and obligations.

*The University Council has decided that the following officials, in terms of delegated authority and responsibility, may to sign contracts on its behalf:*

The Rector	Prof WJS de Villiers
The Chief Operating Officer	Prof L van Huyssteen
The Chief Director: Finance	Mr HAJ Lombard

No other staff member, department, division, bureau or institute is thus authorised to enter into a contract on behalf of SU with the exception of research contracts.

The following signing powers apply when research contracts have to be signed:

Contract value	≤R150 000	Chairperson/head of department or in case of an institute/bureau/centre, the director. Such signing powers and authority are only applicable when expressly delegated by the relevant Dean.
Contract value	≤R500 000	Dean
Contract value	>R500 000	Vice-Rector (Research and Innovation)

The complete policy for signing research contracts is available from the Division for Research Development. The division should be contacted before any contracts are signed. All prospective contracts also have to be referred to the Legal Department and the Purchasing and Provision Services division and Provisioning (henceforth the Purchasing and Provision Services division) for approval before being signed.

A centralised purchasing division ensures that buyers negotiate the right goods and services in cooperation with client's at the most advantageous prices and conditions for all departments and divisions of the US. **This** makes it possible for staff in departments and divisions to concentrate **on their own core tasks.**

## B. SUMMARY OF PURCHASING POLICY

The official Purchasing Policy of Stellenbosch University applies to all purchasing of goods and services from funds managed SU or held in trust, from all suppliers on the University's preferred service provider's base.

- All requests for goods and services at SU have to be made by means of an official SU order.
  - No goods or services may be delivered by preferred service providers if they are not in possession of an official SU order.
  - No goods or services may be purchased and paid for by means of a personal credit card or cheque to be claimed from SU at a later date.
  - SU reserves the right to refuse repayment for any personally incurred expenses for goods and services required for official SU purposes.
  - The Purchasing and Tender policy and Procedures depends heavily on the Rules in respect of Delegated Authority and Responsibility.
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## 1. BBEE, ENVIRONMENTAL STATEMENT AND LABOUR PRACTICES

The purchasing and tender policy arranges the provision of financial guidelines, processes and procedures to meet the requirements set out in legislation.

### 1.1 Policy

- It will be a fair, equitable, impartial, transparent and competitive, cost-effective process that will offer an opportunity in an ethical manner to all service providers, representative of all communities, without discrimination on the basis of race, gender or physical disability, to do business with SU.
- No compromise regarding quality, standards, services and prices will be allowed.
- In terms of tenders, BBEE must be an evaluation criteria for all domestic purchases.
- For all tenders for domestic purchases more than R1 000 000, the tenderer must supply an environmental and labour practice statement to qualify as a tenderer, to be considered by the tender committee.

### 1.2 Points awarded

#### 1.2.1 Tenders unto R1 000 000

- For tenders unto R1 000 000 the BBEE weight of 20% and points will be awarded as follows:

BBEE Status	Points
1	20
2	18
3	16
4	12
5	8
6	6
7	4
8	2
No BBEE Status	0

#### 1.2.2 Tenders above R1 000 000

- For tenders above R1 000 000 the BBEE weight of 10% and points will be awarded as follows:

BBEE Status	Points
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1
No BBEE Status	0

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## 2. PURCHASING THRESHOLDS FOR QUOTATIONS AND TENDERS

### Consumable goods and services:

- R 0 - R 999 At least one verbal quotation
- R 1 000 - R 5 000 At least one written quotation
- R 5 001 - R 50 000 At least two written quotations
- R 50 001 - R 75 000 At least three written quotations
- R 75 001 - R250 000 At least three written quotations (sealed)
- R250 001 and above Tenders

### PLEASE NOTE: Printing and graphic work

Departments/divisions are expected to procure at least one quotation from SUN MeDIA (see below for complete policy) in accordance with purchasing thresholds.

**PLEASE NOTE: The purchase of academic text books in excess of R250 000 does not have to be placed on tender. Three sealed quotations must be obtained.**

### Non-recurring specialist consultancy services:

- R 0 - R 999 At least one verbal quotation
- R 1 000 - R 50 000 At least one written quotation
- R 50 001 - R250 000 At least two written quotation
- R250 001 and above Tenders

### Capital goods (office furniture and equipment):

- R 2 000 - R 25 000 At least two written quotations
- R 25 001 - R 75 000 At least three written quotations
- R 75 001 - R250 000 At least three written quotations (sealed)
- R 250 001 - R500 000 At least three selective tenders from the approved suppliers list.
- R 500 001 - R2 000 000 At least four selective tenders from the approved suppliers list.
- R2 000 001 and above At least five selective tenders from the approved suppliers list.

### Building and Construction work, Landscaping, Lesser Capital Work & Immovable equipment:

- R 0 - R 2 000 At least one verbal quotation
- R 2 001 - R 10 000 At least one written quotation
- R 10 001 - R 50 000 At least two written quotations
- R 50 001 - R250 000 At least three written quotations
- R250 001 - R500 000 At least three selective tenders/three written quotations (sealed) from the approved suppliers list.
- R 500 001 - R2 000 000 At least four selective tenders from the approved suppliers list.
- R 2 000 001 and above At least five selective tenders from the approved suppliers list. (Making use of consultants.)

**Please note that the above thresholds are applicable to the total value of an order and not to the individual item value of an order. Above mentioned thresholds are applicable to all external purchases. In terms of internal purchases, the thresholds are only applicable to purchases above R500 000. Below is a detailed explanation of the applicable quotation and tender procedures.**

**SU Vehicles**

A minimum of three quotations must be obtained at all times and are obtained by the Purchasing and Provision Services division in collaboration with the Division for Transport Services. If possible, one quote should be obtained from a local agent.

**Private purchases on the SU car scheme or in own name**

Personnel may seek the assistance of the Division for Transport Services with the obtaining of quotations. Obtaining of quotations in this regard is not compulsory.

**Entertainment and accommodation**

Entertainment and accommodation costs are not subject to the above intercepts but are dealt with in terms of the limits contained in the Entertainment policy (4.5) and the Travel and accommodation policy (4.9).

**Conference, seminar and course costs**

Certain costs are not subject to the above intercepts but should be affordable in terms of the relevant budget. The following costs are not subject to the above intersections:

- meal and accommodation costs are not subject to the above intercepts but are dealt with in terms of the limits contained in the reception policy (4.5) and the Travel and accommodation policies (4.9).
  - Hiring of facilities.
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### 3. QUOTATIONS

- 3.1 Sealed quotations and tenders are obtained by means of a standard quotation or a standard tender document that is available from the Purchasing and Provision Services division. This document makes provision for specific conditions for support, installation, guarantees, maintenance, etc., and has to be produced on request from the auditors, amongst others, and made available for control purposes. All sealed quotations or tender documents are returned to the Purchasing and Provision Services division, where they are filed and entered into a document flow register.
- 3.2 Quotations have to be acquired as necessary, according to purchasing deadlines.
- 3.3 A sealed quotation is a written quotation received in a sealed envelope from a service provider. The sealed quotation must be sought by the Purchasing and Provision Services. Written quotations are procured by either the department itself or the Purchasing and Provision Services division on request by the department concerned. The sealed quotations are opened and checked by the Purchasing and Provision Services division and submitted to the department in question. The department, in conjunction with the Purchasing and Provision Services division, decides on a suitable quotation. At this point a requisition is entered onto the SU system. All quotations must be entered onto the system.
- 3.4 Sealed quotations for goods and services must be obtained from suppliers on the preferred providers' list.
- 3.5 The person who requires the goods or services is free to obtain quotations; the Purchasing and Provision Services division will not be bound to such quotations and will be free to obtain further quotations as may be necessary.
- 3.6 Written quotations are procured by either the department itself or by the Purchasing and Provision Services division on request by the department concerned, before a requisition is entered onto the SU system. The requisition should provide relevant detail regarding the required goods and services, e.g. quantities, specifications, etc. The Purchasing and Provision Services division checks and approves the requisition if it satisfies all the requirements of the purchases policy and if the product meets all pricing and quality standards.
- 3.7 Quotations must provide a detailed explanation of the specific job, goods or service to be provided, as well as the type of material, surfaces and trade names of goods that have to be used or provided.
- 3.8 The Purchasing and Provision Services division will decide on a successful supplier in consultation with the department, division, project leader or person that requires the goods or services. Should a dispute arise, the quotation will be allocated in consultation with the Director: Finance and Asset Management. Departments or divisions should provide details and specifications for goods or services to the Purchasing and Provision Services division in good time for budgetary or ordering purposes, so that there is sufficient time to do the necessary product and market research, locally and/or overseas.

Minimum periods for this process are as follows:

Local quotations	At least two weeks
Overseas quotations	At least four weeks
Local/overseas tenders	At least six weeks
Local Capital Project tenders (Facility Management)	At least 10 working days

(Physical emergency services are excluded)

- 3.9 Departments or divisions should not directly contact local or foreign agents out of hand if a costly purchase or lease transaction is planned, and may definitely not finalise any purchase before an official purchasing number has been issued. The Purchasing and Provision Services division has

access to manufacturers (local and overseas) who supply direct to SU and of whom departments and divisions may be unaware. If agents and representatives become involved before the manufacturers have been approached directly, the possibility arises that negotiations may be disturbed and impeded to SU's detriment.

- 3.10 Quotations must be signed by suppliers. However, this will not be necessary if the quotation was received by e-mail. Stamped signatures on quotations and tenders are not acceptable.
- 3.11 All quotations, be it written or oral, must be entered into the purchases system.
- 3.12 There might be instances where it is not possible or necessary to procure the required number of quotations, e.g. publicity items from sole and limited service providers and third parties, or standardised items that might jeopardise guarantees. In cases such as the above, and with the prior approval of the Director: Finance and Asset Management, the number of quotations so sourced may be limited. Departments will have to give a detailed motivation for deviating from policy. The department concerned must file and store their motivation as well as the approval given.
- 3.13 All relevant documentation received by Purchasing, including invoices, guarantees and additional quotations, will be returned to the department concerned for filing and safekeeping. Such documentation should be made available to the Purchasing and Provision Services division on request.
- 3.14 All quotations should be sourced at the same time and all quotations older than one month are no longer valid and must be replaced with new quotations. The dates on which quotations were received must be entered onto the purchasing system and purchasers will check whether the dates are correct or not. All quotations obtained by a department must be entered on the US computerised system. An attempt must be made to spread purchases evenly amongst suppliers in instances where quotations or tenders are equal in value.

If more than one quotation have been obtained, but have expired as a result of the period of validity having been exceeded, the lowest bidder shall be approached to confirm whether the price would be valid for a further period. The confirmation must be done within 30 days after the quotation lapsed. If the validity of the price is confirmed, the process of placing an official order may continue; if not, the process shall be repeated – i.e., new prices have to be obtained from all bidders.

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## 4. TENDER POLICY AND PROCEDURE

### 4.1 Determining responsibility

- 4.1.1 All tenders and sealed quotations are centrally administered and procured on the standard SU tender document that describes specific terms and conditions of SU Tender purchases, by the Purchasing and Provision Services division and Provisioning Services (henceforth Purchasing and Provision Services division)
- 4.1.2 Tenders from preferred service providers will be procured according to purchasing thresholds and the minimum lead period for tenders as defined in the purchasing policy and procedure.
- 4.1.3 All tender documents are returned to the Purchasing and Provision Services division, where they will be filed and entered into a document flow register.
- 4.1.4 The Purchasing and Provision Services division is responsible for purchasing all goods and services, locally as well as internationally.
- 4.1.5 The purchasing function is specification-driven.

### 4.2 Procedure at commencement of tendering

- 4.2.1 Departments and divisions, professional teams, project leaders and other persons who may be involved in the process must plan their activities in such a way that sufficient time will be available for the Purchasing and Provision Services division to conduct negotiations to the best advantage of SU in terms of this document. Before any tender process is commenced, the Purchasing and Provision Services division must receive written approval indicating that all expenses that may possibly be incurred have been approved in principle.
- 4.2.2 A detailed document must at all times be set out in writing to indicate quantities, specifications and other information such as drawings, measurements, etc. of goods and services for which tenders are requested. Details of samples or prototypes that are to be submitted by the tenderer must also be explained. This document will be known as the specifications document. The title "Addendum A" must appear at the top of the first page. The project leader or person who is authorised to request the goods or services to be purchased bears the responsibility for this.

The specifications document must be approved and signed by the person who has the capacity to authorise the expenditure. The specifications document may only be compiled by a tenderer or prospective tenderer in exceptional cases, with the agreement of the Tender Committee. If necessary, a consultant or his/her associate may compile the specifications document, but this person may only tender or be involved with the tender in exceptional cases and with the approval of the Tender Committee.

The specifications document must contain sufficient details of the specific goods or services desired, especially in the case of repair work, maintenance and computer and research equipment. Specification documents may not give preference to certain brands or providers. The tender process cannot be initiated if full specifications are not submitted in writing.

The detailed specifications document must be handed in for the Purchasing personnel to be able to initiate the correct tender procedures. A target date for the delivery of goods must also be indicated, if possible.

The specifications document must be handed in at the office of the Buyer.

- 4.2.3 The date for the receipt of the specifications document at the office of the Buyer must be entered in the tender register. The nature of the eventual contract must be determined, e.g. year contract, service contract, repairs, maintenance, etc., and must be entered as such in the tender register.
- 4.2.4 The Purchasing and Provision Services division allocates a tender number and description to the tender and enters these details into the tender register. Tender numbers must commence from number one (1) each year. Each subsequent number must begin with one figure more than the previous tender. This is followed by a forward slash (/), followed by the year (e.g. 13/2000).
- 4.2.5 The Purchasing and Provision Services division will determine the starting date for the tender and enter this date in the tender register.
- 4.2.6 The Purchasing and Provision Services division will determine the closing date for the tender in conjunction with the project leader and enter it in the tender register. The closing date must provide the tenderer with a reasonable amount of time.
- 4.2.7 The Purchasing and Provision Services division will determine the date from which tenders are binding for acceptance and enter this date in the tender register. The tender should be binding for acceptance for at least two calendar weeks following the date for the acceptance of tenders. (Reason: Should the successful tenderer, for whatever reason, be unable to perform or deliver, or should there be a delay in the process, for whatever reason, it is possible that the second-best candidate will be selected as the successful tenderer without necessarily having to restart the tender process.)
- 4.2.8 The Purchasing and Provision Services division will determine the tender acceptance date in co-operation with the project leader and enter this date in the tender register.
- 4.2.9 The following information must be included in the tender document distributed to tenderers by the Purchasing and Provision Services division:
- Tender number
  - Description of the goods/services applicable to the tender
  - The starting date for the tender
  - The closing date and closing time for the tender
  - The date until which the tender should be binding with regard to acceptance
  - The acceptance date for the tender
  - Proposed delivery date
  - Specifications document
- 4.2.10 The relevant buyers must consult the list of approved suppliers to identify a list of suitable potential suppliers who could be invited to tender which must be in line with the tender purchasing thresholds.
- Should there be too few or no approved suppliers who could deliver the relevant goods and/or services, the buyer in question, together with the project leader or head of the division, should decide on a manner of invitation to open up the tender process wider, should there be a possibility of more than one potential supplier. A list of potential suppliers, listed under the tender number, should be compiled and submitted to the Tender Committee for approval.
- 4.2.11 The buyer in question must then contact by telephone or e-mail the potential suppliers that have been identified in order to ascertain whether they wish to tender and wish to collect tender documents.
- The name of the person with whom contact is made must be noted down on the list, described under 4.2.10. The invitation to tender must then be confirmed by e-mail and the copies must be filed together with the list as stipulated in 4.2.10.

4.2.12 A record of each tender has to be kept in the tender register with regard to:

The names of potential suppliers who have collected tender documents or abbreviated tender documents; and

The name and signature of each person who collected or abbreviated a tender document.

4.2.13 The abbreviated tender documents have to be made available in the case of suppliers on the list of approved suppliers who have accepted the invitation to tender. Complete tender documents have to be made available in the case of suppliers whose names do not appear on the list of approved suppliers but have accepted the invitation to tender.

#### 4.3. Regulations of the Tender Committee

##### **Name and Objective**

The committee is known as the Tender Committee of Stellenbosch University. The Tender Committee must see to it that the best possible conditions are negotiated for the University in the selection of all tenders that serve before the Tender Committee.

##### **Composition**

With a view to tenders for purchasing goods and services valued from R250 001, renting or use of assets, tenders for the sale, renting or utilisation of assets, and tenders for requests for information and requests for proposals, the Tender Committee comprises:

Institutional tenders, Strategic tenders and tenders that might be and reputation risk for the SU:

Tender committees are constituted by the RC head in conjunction with the Chief Director: Finance. The constitution of the tender committee and the review of the criteria and weight percentage must be submitted to the Finance Committee for recommendation to the Rectors Management Team for approval. The RC head decides, in consultation with the Dean of Students, whether a particular tender is of such importance to students that it warrants the inclusion of a representative of the Student Council to serve on the Tender Committee. Alternatively a proper way of consulting with the student community should be determined before the Tender Committee commences its activities.

The RC head in conjunction with the Chief Director: Finance identifies the chairperson of the Tender Committee. Such chairperson might be the RC head or a staff member who has no interest in the outcome and who does not work in the Purchasing and Provision Services division.

Tender Committees are constituted on different levels of senior management, depending on the nature of the transaction and the risk to SU's reputation. The RMT member or the Dean in conjunction with the RMT member responsible for coordinating risk management is responsible for requesting a more senior Tender Committee should reputation risk warrant such.

Tenders with no reputation risk:

In instances where a tender represents no risk to SU's reputation e.g. the purchase of equipment or apparatus, then the tender committee is determined by the department that is doing the purchase. The tender committee must be approved by the Chief Director: Finance when purchasing products or services and for capital tenders in the terms of the Regulations with regard to Delegation of powers en responsibilities.

The Purchasing and Provision Services division fulfils a technical advisory and a compliance function with regard to every tender committee, but no staff member of the Division Purchasing serves as a member of any tender committee.

A tender process of superior quality requires proper training for both tender committee members as well as other role players in the tender process.

Contravention of policy, procedures and management practices are deemed serious and may include immediate dismissal in terms of SU staff policy.

The Purchasing and Provision Division appoints a person to scrutinise tender specifications and to advise the Tender Committee on the tender process and risks involved in tenders.

The Tender Committee appoints a person as its secretary to take the minutes.

### **Duties and Responsibilities**

The duties and responsibilities of the Tender Committee include the following:

- The activities of the Tender Committee are conducted in accordance with the procedures set out in the policy document titled "Purchasing-, tender- and –procedures.
- The activities and recommendations of the Tender Committee are confidential and may not be made public by members of the Tender Committee, except when the information is officially made public by the Tender Committee.
- The Tender Committee can, at its own discretion and depending on the nature of a tender, invite other knowledgeable Stellenbosch University personnel, or consultants, to advise the Tender Committee.
- The Tender Committee is not obliged to recommend selection of the lowest or any tender.
- The Tender Committee may only deviate from the approved tender policy and procedure of the University when there are valid reasons for deviation, and the chairperson must report such deviation to the RMS for ratification and implementation of the decision.
- The Tender Committee sees to it that an equitable and transparent tender process is followed.

### **Evaluation Criteria**

The following is applicable when the Tender Committee determines evaluation criteria:

- Before the tender process commences, there is agreement about a scorecard that indicates the factors that must be measured as well as the weight of such factors.
- Evaluation criteria should be clear and systematic.
- When determining the evaluation criteria, the RC head determines if, and to what extent, the tender process and the resultant transaction affect other environments and sees to it that the evaluation criteria takes this into account.
- The scorecard is used in the evaluation of the written tender and the tenderer's oral submission (if applicable).
- The evaluation criteria are made public at the time the tender invitation goes out, it does not include the weights per review category.

#### **4.4. Procedure on receipt of tenders**

4.4.1 Tenders can be received by mail or be delivered to the office of the Buyer or placed in the tender box. As far as possible, a tender box will always be used.

If tenders are placed in a tender box, the following procedures will apply:

4.4.2 The tender box must be placed in the immediate vicinity of the office of the Buyer or in another appropriate position, in such a manner that adequate, continuous security will be possible.

4.4.3 The tender box must be constructed of suitable material to ensure the security of the tenders. The tender box must be fitted with locks or other security devices and must remain locked except when it is opened for tenders to be opened.

- 4.4.4 If the tender box is physically taken to another location for tenders to be removed from the tender box, a notice of reasonable size and prominence must be placed in the place of the tender box to give clear indications concerning alternative methods of handing in tenders to prospective tenderers. Tenders handed in during this time must be scrupulously recorded and persons who deliver tenders should sign a document as proof of handing in the tenders.
- 4.4.5 At times when the tender box is opened, new tenders must be accepted across the counter by a person selected by the Buyer.
- 4.4.6 The responsible person selected according to 4.4.5 must give a verbal report to the Buyer concerning any tenders that may have been handed in during the opening of the tender box, as soon as the tender box has again been made available for the handing in of tenders. Such tenders must be deposited in the tender box without delay.
- 4.4.7 If the tender box is to be opened at its usual location, the tenders are placed in an appropriate container that can be locked before being taken to the Buyer.
- 4.4.8 No tender that is handed in late may be considered in the tendering process. (This may only be considered in exceptional cases, with the approval of the Director: Finance and Asset Management.)
- 4.4.9 When tenders are received by mail, its date of receipt at the office of the Director: Purchasing and Provisioning Services must be entered in the tender register and the tender must be deposited in the tender box without delay.
- 4.4.10 When tenders are delivered, the date of delivery and the name of the person delivering it must be entered in the tender register and the person who delivered the tender must sign the tender register. The receiver must then place the tender in the tender box in the presence of the person who delivered it.

#### **4.5 Procedure at the opening of the tender box and tenders**

- 4.5.1 The opening of the tender box, opening of sealed envelopes and entry of tenders that do not require the involvement of the Tender Committee must take place in the presence of a member of the Tender Committee.

Any member of the Tender Committee may also be present during this process.

On opening the tenders, the date on which the tenders are opened, must be written on the front page of the tender documents or the abbreviated tender documents.

- 4.5.2 Tenders must be recorded in a tender register. Allowance must be made for the signatures of all persons that have to be present at the opening, to serve as proof of the completeness of the opening process and the correctness of the procedure that is followed.
- 4.5.3 Tenders must be scheduled as far as possible from the least costly to the most costly tender.
- 4.5.4 The original tenders, as well as the tender prices, must be filed and must remain locked away in the safe of the Purchasing and Provision Services division, except during the evaluation of the tenders.
- 4.5.5 No tender information contained in the tender documents may be made public.

#### **4.6. Evaluation of tenders that need not be submitted to the Tender Committee**

- 4.6.1 All the tenders that are received for a project (except as set out below), must be handed to the project leader or the head of the division by the buyers on the second morning

following the day of the date for the closing of tenders, at the latest, together with a written indication of the scheduling of tenders from the least costly to the most costly. The tenders, copies thereof or scheduling documents may under no circumstances be made available to persons or parties who are already engaged in the particular service or are similarly contracted.

In the case of capital tenders, tenders must be scheduled and handed to the project leader by the beginning of the eleventh day after the closing date of the tender. In both cases, weekends, university holidays and public holidays must be left out of reckoning.

- 4.6.2 All the tenders that have been received for a specific project must be further evaluated on the basis of the evaluation criteria for tenders.

The Purchasing and Provision Services division administers the purchasing process, while the recommendation is made as set out in section 4.2 of this document.

A written summary of the evaluation of all the tenders must be prepared and handed to the person responsible for making the recommendation, on the last morning of the fourth day following the closing of the tenders (excluding weekends, university holidays and public holidays).

The project leader or the head of the division must propose a recommendation in writing, to be handed in together with the written summary of the tenders.

The project leader, head of the division or committee that makes the final recommendation with regard to the acceptance of a specific tender must evaluate the tenders on the basis of the evaluation criteria for tenders, the price and the proposed written recommendation of the project leader, head of the division or committee.

The final recommendation for the approval of a tender must be made in writing and sent for a decision, confirmation and notification in accordance with the regulations of the SU Council and the purchasing thresholds.

- 4.6.3 Tenders for expenses within the budget (names of tenderers, amount of allocated tender) for amounts between R50 000 and R250 000 must be made public for notification to the Tender Committee at the first subsequent meeting of the Tender Committee.

#### **4.7. Evaluation of tenders to be submitted to the Tender Committee**

- 4.7.1 The Buyer must, in consultation with and on behalf of the Director: Finance and Asset Management, arrange a meeting of the Tender Committee in good time, so that the committee can have an opportunity to evaluate the tenders and make a recommendation. See 4.3 for determining evaluation criteria.
- 4.7.2 All the tenders that were received for a project must be handed to the chairperson of the Tender Committee by the Buyer together with a written indication of the scheduling of tenders from the least costly to the most costly.
- 4.7.3 All the tenders that are received for a specific project must then be further evaluated in accordance with the evaluation criteria for tenders. The Tender Committee must make a recommendation or do an approval in accordance with regard to the nature of the tender. A recommendation must be made when tenders with a reputation risk, institutional- or strategic are involved. The Finance Committee will make a recommendation to the Rectors Management Team for approval.
- 4.7.4 The Tender Committee must, in all instances, decide whether a specific separate contract, over and above the tender document or abbreviated tender document, must be concluded
- 4.7.5 The Tender Committee must at all times apply the tender policy and procedures of SU. The activities and decisions of the Tender Committee must be regarded as confidential

and may not be made public by members of the Tender Committee, except when such information is made public officially by the Tender Committee.

- 4.7.6 If members of the Tender Committee are in any way related to a tenderer or have any vested interest in a tender, this relationship or vested interest must be made known and entered in the minutes at the commencement of the meeting of the Tender Committee. Such a member of the Tender Committee is allowed to attend the meeting at which a decision on a specific tender is to be made, but is not allowed to vote and will not be considered in the decision with regard to the allocation of the tender, unless the other members of the Tender Committee decide otherwise. The non-disclosure of relationships/interests and receipt of gifts is deemed very serious and may lead to disciplinary action against staff and/or the annulment of a tender process and/or suspension of a supplier's contract. Each tender document contains a clear exposition of the considerations which might lead to an annulment of the tender process, and the way in which it will be done. Donations to US or US staff will not affect the evaluation and awarding of tenders.

#### 4.8. Timing and return dates for tenders: Shortest possible options

- 4.8.1 If it is possible to speed up the process, the involved buyers will allow the process run as fast as possible. In all instances, though, the timing schedule as described below and return dates for tenders will apply as the shortest possible time for the Purchasing and Provision Services division
- 4.8.2 In the case of tenders on the abbreviated tender basis, whether submitted to the Tender Committee or not, the following timing schedule and return dates will come into operation if day 1 is the day on which the specifications document is received:

- Day 1 - Receipt of specifications document
- Beginning of day 4 - Creation of tender
- End of day 15 - Closing date for tender
- Beginning of day 20 - Handing over to evaluator
- Beginning of day 25 - Date of acceptance
- End of day 27 - Inform unsuccessful tenderers
- Beginning of day 33 - Place order

NB: The above dates exclude weekends, university holidays and public holidays.

- 4.8.3 In the case of tenders that are to be opened in public, whether submitted to the Tender Committee or not, the following timing schedule and return dates will apply, if day 1 is the day on which the specifications documents are received:

- Day 1 - Receipt of specifications document
- Beginning of day 7 - Creation of tenders
- End of day 17 - Closing date for tenders
- Beginning of day 22 - Handing over to evaluator
- Beginning of day 27 - Date of acceptance
- End of day 29 - Inform unsuccessful tenderers
- Beginning of day 35 - Place order

The two exceptions with regard to printed work and Natural Sciences are also applicable in this instance.

NB: The above-mentioned dates exclude weekends, university holidays and public holidays.

#### 4.9. Recommendations, decisions, confirmations and notifications

- 4.9.1 The procedures to be followed for recommendations, decisions, confirmations and notification pertaining to tenders must be in accordance with the document dealing with purchasing thresholds that incorporate the procedures prescribed by the SU Council.

#### 4.10. Samples

- 4.10.1 If the specifications document requires tenderers to provide samples, the samples must be delivered to the office of the Buyer between 08:00 en 16:00 on weekdays, excluding university holidays and public holidays.
- 4.10.2 The Purchasing and Provision Services division must issue a sample receipt form to the person delivering the samples when the samples are received. The receipt form must be made out in duplicate and the copy should be filed by the Purchasing and Provision Services division.

The sample receipt form should contain the following information:

- Tender number
- Description of the sample
- Date of handing in
- Signature of the person who delivered the sample
- Last date on which the sample can be collected in the case of unsuccessful tenderers.

This must be entered in the tender register to confirm that the tenderer has handed in the samples as required.

- 4.10.3 Samples handed in by unsuccessful tenderers can be collected from the office of the Buyer between 08:00 and 16:00 on weekdays, excluding university holidays and public holidays, on presentation of the sample receipt form, which must then be filed against the copy. The person who receives the sample in return has to sign the sample receipt form as proof of having received it in return.
- 4.10.4 Samples must be locked away for safekeeping. If the sample is handed to an evaluator, project leader or body for testing, the sample receipt form has to be endorsed with the relevant details and the person who receives it has to sign the endorsement.
- 4.10.5 If samples have to be sent away for testing, the tenderer must be contacted in advance by telephone for permission to do such testing, as the tenderer has to bear the cost of the testing.
- 4.10.6 This telephonic request must be confirmed by fax, by e-mail or in writing by the tenderer before the testing can proceed and such confirmation must be filed.
- 4.10.7 The final date on which unsuccessful tenderers can collect samples before such samples are to be auctioned for the account of SU will be 60 days subsequent to the date of the acceptance of the tender. The Purchasing and Provision Services division from time to time compiles a written description of samples that have not been collected by the prescribed date, or cannot be utilised in some other way by SU, and hands this to the relevant division or person responsible for auctions at SU.

#### 4.11. Negotiations with the tenderer

- 4.11.1 Coordinating relations between the users and the supplier is an important part of the function of buyers. Prices have to be procured and compared in accordance with purchasing policy and procedures. Recommendations with regard to suppliers are made in cooperation with users in departments and divisions.

- 4.11.2 Negotiations with tenderers should be limited to requests for additional information should it become evident during the evaluation process that valuable information is needed to be able to compare tenders with one another, or that information is needed with regard to any other matter that may be to the advantage of SU. Negotiation about the price that is tendered generally is NOT permissible. Negotiations may lead to additions and amendments to original documents.

The nature, reason and outcome of any negotiations with tenderers must be included in written form with the tender documents that are given to the persons who will be responsible for making the recommendations. Essential amendments pertaining to tenders must be submitted at the first subsequent meeting of the Tender Committee.

Continuing negotiations may take place between SU and suppliers on the list of approved suppliers, as two-way communication is seen as a feature of the partnership.

#### 4.12. Sole tenderers

- 4.12.1 Should there be only one tenderer, this must be clearly indicated on the front of the tender document when the tender is handed to the persons who have to make the recommendation.

#### 4.13. Communicating with tenderers

- 4.13.1 Unsuccessful tenderers must be informed by the relevant purchaser within two days of the decision and confirmation (if necessary) of a tender being allocated. The tender register must be updated with the necessary information as soon as unsuccessful tenderers have been informed in writing that they have not been successful.
- 4.13.2 All communication with tenders before and after the tender must be done by the Purchasing and Provision Services division.

#### 4.14. Procedure following the approval of tenders

- 4.14.1 A tender acceptance form must be made out with regard to successful tenderers and sent to the successful tenderer.
- 4.14.2 The buyer who is involved must submit the order or any such documents. No orders may be placed before a tender is awarded.
- 4.14.3 The contract between the two parties must be finalised and signed, if necessary, as specified by the Tender Committee. In certain instances, the contracts first have to be concluded before orders can be placed. The Tender Committee should give clear instructions in this regard.

#### 4.15. Urgent tasks

- 4.15.1 Urgent tasks or services that cannot take place in accordance with normal procedures because of the urgency of such tasks should be avoided, if possible.

In view of the brevity of the period in which tenders should be allocated, it should be possible to accommodate all tenders in the above process.

Departmental chairpersons, heads of divisions, professional teams, project leaders and other involved persons must consider the procedures and time limits indicated in this document when they are involved in planning.

- 4.15.2 Requests for urgent tasks that cannot be accommodated in the tender process must be accompanied by a motivation from the person who authorises incurring the expense. This documentation must be handed in at the office of the Buyer. The request and

accompanying motivation must be referred to the Director: Finance and Asset Management. The Director: Finance and Asset Management must evaluate the matter to decide whether the task really is urgent and should be accommodated outside the tender process. All urgent work must be submitted to the RMS.

- 4.15.3 All urgent tasks that have not followed normal tender procedures must be submitted to the RMS for their notice and for further investigation, if necessary.
- 4.15.4 Abbreviated tender documents must be completed by the supplier within three (3) days of approval.
- 4.15.5 Emergency/after-hours maintenance tasks that cannot be carried out via the normal purchasing procedure because of their urgency shall be handled as follows:
- A written order shall be issued to the service provider. Should the total of this order exceed the amount of R500 000, it shall be approved in advance (telephonically) by the relevant head of division or, should he be unavailable, by the Chief Director: Facilities Management.
  - If the total amount of the order is more than R1 000 000, it must be approved beforehand (telephonically) by the Chief Operating Officer or his delegate.
  - The written order shall be confirmed by an electronic order within two working days.
  - The head of division shall approve the placement of the electronic order, regardless of the amount concerned.

#### **4.16. Amend or extension of accepted tenders after approval**

- 4.16.1 Motivation in writing must be compiled by the project leader, department or divisional head concerned and be approved by the Tender Committee or as determined by the SU delegation document, before the work may be continued.

#### **4.17. List of approved suppliers**

- 4.17.1 A list of approved suppliers must be kept up to date.
- 4.17.2 The document entitled "Application by prospective supplier to be placed on the list of approved suppliers" must be sent to identify suppliers. A record must be kept of all application documents that are sent out. These documents must be received back as soon as possible and considered in accordance with evaluation criteria to determine whether the applicant could be added to the list of approved suppliers.
- 4.17.3 The Purchasing and Provision Services division must continually be involved with market and product research to detect other suitable suppliers. Invitations to these prospective suppliers must be directed to them telephonically and be followed up by fax or e-mail. These applicants must also be evaluated according to the evaluation criteria.
- 4.17.4 An effort must be made to have at least five suppliers on the list of approved suppliers for each product group or service.
- 4.17.5 All the suppliers on the list of approved suppliers must be contacted by letter once annually so that information included in the application and might have changed can be updated. Should such a request for updating be directed to suppliers after the suppliers' year end, the process could be facilitated if the latest financial statements were to be placed on the records of the Purchasing and Provision Services division.
- 4.17.6 If applicants do not meet with success, there generally is no need to supply reasons for their non-inclusion on the list.

#### 4.18. Sole tender documents

- 4.18.1 In the case of urgent tasks or sole tenderers, the suppliers have to complete the document undertaken, in order to place the minimum information concerning suppliers on record and to bind the supplier to the conditions of the tender.

#### 4.19. Repeated purchases

- 4.19.1 In the case of a repeated purchasing transaction of below R250 000, tenders do not have to be called for if the requirements listed below are met.

A repeated purchasing transaction is defined as a transaction which is contracted within six (6) months of the previous purchasing transaction. The products and services for which repeated purchases are made must be of exactly the same kind and specifications as the original transaction.

A repeated purchasing transaction may be undertaken after consultation with the Director: Finance and Asset Management if the Purchasing and Provision Services division considers it to be to SU's advantage.

#### 4.20 Availability of documents

- 4.20.1 All the documents that are referred to in these procedures are available from the Department: Purchasing and Provision Services.

#### 4.21 Accounting responsibilities related to projects

- 4.21.1 Expenses and costs that accrue against one project cannot be justified against another project. No journal may be posted to transfer expenditure or costs of one project to another, except in the case of original posting errors.
- 4.21.2 Amounts approved in budgets for specific projects cannot be transferred to other projects without prior approval from the RMS.

#### 4.22 Alteration to tender documents, abbreviated tender documents and applications

- 4.22.1 Any person found to alter the tender documents, abbreviated tender documents or application forms without prior approval of the Director: Finance and Asset Management will be subject to disciplinary action in terms of the Disciplinary Code of SU.

#### 4.23 Responsibilities in the tender process

In the tender process liabilities apply with regard to the following responsibilities:

- The Rector's Management Team or the delegated management member or body – responsible for the approval of the Tender Committee and any requirements that the tender process must satisfy.
- Members of the Tender Committee – responsible for consideration of tender applications that is free from personal interest and which includes the approval of tender specifications, the determination and application of evaluation criteria, the determination of the nature and method of communication with tenderers including the type of information that must be conveyed (before and after the tender process) and awarding of the tenders.
- The Division for Purchases and Provisioning Services – responsible for compliance with the tender policy (which includes the random sourcing and handling of tenders and quotations) as well as the disclosure and management of risks with regard to product delivery, thresholds and price stipulations.

- The user division – responsible for technical specifications and quality control, as well as the disclosure and management of related risks.

#### 4.24 **Tender procedure and awarding of tenders with regard to Capital and maintenance projects (Facilities Management)**

The tender procedure and awarding of tenders with regard to Capital Projects shall be handled as follows (project budgets and contract documentation already approved by both the Division: Finance and the Division: Legal Services):

- The project manager or SU agent shall attend to the tender/contract documentation.
- The project manager shall determine the tender period as well as the cut-off date and time for tenders, and shall inform the relevant buyer in the Division: Purchasing and Provision Services/SU agent of these particulars.
- The buyer or SU agent<sup>1)</sup> shall open the tender box on the day that tenders close, and shall read out the prices.
- The buyer or SU agent shall hand over the tender documents to the project manager.
- The project manager shall examine the documentation and prepare a tender report, to be submitted to the Manager: Property Projects/Manager: Maintenance Projects, regarding the acceptability and validity of the tenders.
- The Manager: Property Projects/Manager: Maintenance Projects shall make a recommendation regarding the acceptance of a tender to the Director: Planning and Development/Head: Maintenance.
- Final approval of tender recommendations shall take place in terms of the approved delegation of responsibilities and decision-making powers with regard to Facilities Management.

**1) NOTE** 'SU agent' refers to professional consultants (architects, quantity surveyors, engineers, etc.) appointed specifically to handle projects or parts of projects on behalf of Facilities Management. The Division: Purchasing and Provision Services shall be involved at all times to ensure that the processes meet the requirements of the Purchasing Policy.

#### 4.25 **Appointment procedures with regard to consultants on projects by Facilities Management: Planning and Development and Maintenance**

Consultants shall be appointed on a rotational basis from an approved list of consultants after consideration and recommendation by a committee of which the composition is set out below. The annual compilation of the approved list of consultants shall take place in cooperation with the Division: Purchasing and Provision Services.

The committees that appoint the consultants shall be compiled as follows for the various functions:

##### Planning and Development

- Director: Planning and Development
- Manager: Facilities Planning
- Manager: Property Projects
- Manager: Building Design
- Project Planner

##### Maintenance

- Head: Maintenance
- Manager: Maintenance Projects
- Maintenance Manager
- Technical Manager
- Project Manager

At least three (3) of the abovementioned committee members shall be present when the recommendation is submitted.

In the recommendation and appointment of consultants the following criteria shall be considered over and above the rotation system:

- Whether the consultant is on the approved panel.
- Whether the consultant has specific expertise and experience of the required service.
- Whether the consultant has done work of satisfactory quality in the past.
- Whether the consultant has specific prior knowledge of the facility where the service has to be provided.
- Whether the consultant's follow-up service is good.
- The consultant's BBBEE status.
- Whether the consultant is a local entrepreneur.

Final approval of appointments, on a project basis, shall take place in terms of the approved delegation of responsibilities and decision-making powers with regard to Facilities Management. Professional fees shall be calculated in accordance with and up to a maximum of the latest applicable regulations as published in the Government Gazette.

At the end of each calendar year, a complete report on the appointment of consultants shall be made to the Chief Operating Officer, which report shall include the consultants who were appointed and how the work was divided among the consultants.

#### 4.26 **Compilation of contract tender lists for individual projects**

Tender lists (contractors) for individual projects shall be compiled by the project team from the approved list of service providers/contractors. The compilation of the approved list of service providers/contractors shall take place in cooperation with the Division: Purchasing and Provision Services.

The project team consists of:

- Manager: Capital Projects
- Project Manager
- Facilities Planner
- Principal Agent/Consultant (where appointed)

Criteria for the compilation of tender lists:

- Whether the contractors are on the approved list of service providers.
- Whether the contractors have specific expertise and experience of the service required.
- The contractors' history with regard to similar work of satisfactory quality.
- The scope and nature of the required service versus the contractors' capacity and available resources and work load.
- Stipulations of the SU Purchasing Policy with regard to the acquisition of services.
- The contractors' BBBEE status.

Final approval of the appointments, on a project basis, shall take place in accordance with the approved delegation of responsibilities and decision-making powers with regard to Facilities Management.

At the end of each calendar year, a complete report on the appointment of contractors shall be made to the Chief Operating Officer, which report shall include the contractors who were appointed and how the work was divided among the contractors.

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## 5. GENERAL PURCHASING

### 5.1 Items with a purchasing price of less than R1 000

To limit the cost of ordering to the minimum, purchases of consumable items (besides contract items like gasses, car rental, courier services, chemicals, glassware, etc.) of which the cost to order is less than R1 000 per order, may be organised by the department/division and paid for from the petty cash (maximum of R250 per item) of the particular department/division, or by cheque requisition. Departments/divisions that do not have a petty cash facility can apply for this from the Division for Financial Services.

### 5.2 Capital goods (asset items)

5.2.1 A budget is drawn up for all capital items (as identified by the Purchasing and Provision Services division in cooperation with the Division for Funds and Asset Management), irrespective of the cost point from which it is paid for. This rule applies to the purchasing of all capital items from all funds that are managed administratively by SU. No capital or asset item may therefore be purchased out of hand without a **budget number**.

5.2.2 Specific standards are continually set and developed by the Purchasing and Provision Services division, Physical Infrastructure, IT, etc. in cooperation with relevant clients to ensure that specifications and standards of products are continuously improved.

5.2.3 An attempt is being made to standardise the following capital goods:

- Computer equipment
- Office furniture and equipment
- Audio-visual equipment
- Photocopying, fax and telephone answering machines
- Other specialised and/or research equipment

### 5.3 Consumable goods and services

5.3.1 Departments or divisions direct requests for the purchasing of goods and services from external suppliers, via computer per **Requisition for purchasing**, to the Purchasing and Provision Services division.

5.3.2 Departments or divisions direct applications for the acquisition of stock items, via computer per **Requisition for supplies**, to the relevant supply store and furnish the relevant commodity number(s) of the desired item(s).

5.3.3 Departments or divisions are responsible for proper completion of all the relevant computer fields of a requisition, as well as other details that are required to ensure that a complete and correct record of the transaction is taken up into the SU bookkeeping system.

5.3.4 **The fields requesting quotation details, in particular, must be completed fully at all times.**

5.3.5 Each requisition for purchasing is referred to a particular buyer who, among other things, determines the availability of the product and the final purchasing price before the necessary order is placed.

5.3.6 An official SU order form will be **posted, faxed or sent by e-mail** to the relevant supplier by the Purchasing and Provision Services division only **on request from** the department or division. Otherwise departments or divisions are expected to provide their own order numbers to suppliers by telephone.

5.3.7 Departments or divisions that obtain order numbers via the computer and then provide it telephonically to suppliers must themselves arrange timely delivery of the goods to the

right location and must also follow up with suppliers if goods are not delivered or are delivered incorrectly.

- 5.3.8 An attempt is being made to purchase consumable goods, services and supplies used regularly by departments or divisions by means of term or annual contracts. These contracts are negotiated by the SU buyers. Informal Western Cape regional agreements and national agreements are also entered into by PURCO SA.

(The aim of such agreements is to negotiate, in the case of high volumes, better service delivery, prices and quality on a collective basis. This is applied particularly with regard to high frequency consumable articles. Participating organisations are bound to purchase pre-negotiated items from the contracted supplier.)

Coordination and contract management of these agreements are handled centrally by the Purchasing and Provision Services division.

In cases where tenders are accepted, SU is contractually bound to purchase the goods and services from the appointed supplier for the period of the contract. If there is any deviation from this contract, SU becomes guilty of breach of contract and is liable for the accompanying consequences.

**Note:** Departments and divisions are requested to first contact the Purchasing and Provision Services division for the purchasing of standardised capital goods and the above goods and services before requesting quotations and prices. This will prevent much frustration, duplication of work and wasting of precious time.

**NB:** No order may be cancelled without the knowledge of the relevant buyer who placed the order.

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## 6. CONTRACTS AND STANDARDISED GOODS

These specific policy submissions must be read in conjunction with the General Policy for Purchasing and Procedures.

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### 6.1 Bookings for air travel

6.1.1 **Account number 1153/1155, Travel and accommodation costs**, must be utilised for official air travel bookings in all instances.

6.1.2. The following rules apply in all instances when air trips for official purposes are undertaken, irrespective of the cost point (University funds, research funds or funds that have been generated personally – so-called own funds) against which the expense is incurred.

6.1.2.1 An official university order must be issued to accredited SU travel agents for all approved official travel by air.

6.1.2.2 **SU reserves the right to refuse compensation for any official air travel booking – and the accompanying expenditure incurred by the user – that is made without an official SU order being issued.**

6.1.2.3 If travellers wish to make use of alternative travel agencies, they have to pay themselves if the air travel agency are not listed on die SU system. Travellers may not pay for themselves at **Indo Jet, Maties Travel Bureau and Neelsie Travel Agency**, an official US order number must be issued. Requests for the reimbursement of costs or order numbers with regard to alternative travel agencies must include the following documentation:

- Three quotations of which two quotations must be from one of the following: Indo Jet, Maties Travel Bureau or Neelsie Travel Agency. If an internet ticket is purchased, quotations for internet reservations must also be obtained via the above mentioned travel agencies.
- The quotations must all be on the same day and the insurance must be equal to Diners Phase II travel cover for overseas flights and Diners Phase I travel cover for local flights.
- The reimbursement of costs with regard to alternative travel agencies will only be approved if the abovementioned stipulations have been carried out and the alternative travel agent is cheaper. The application must be sent to the Director Purchasing and Provision Services.

6.1.2.4 The travel agencies (Maties Travel Bureau, Neelsie Travel Agency and Indo Jet) may not issue air tickets without an official order number.

6.1.2.5 An air travel insurance claim will be in conjunction with a R500 transaction fee. The transaction fee will only be paid from SU-funds if the cause of the claim occurred during the official part of the journey. If additional air travel insurance is taken out, it shall be for the staff member's own account.

- 6.1.2.6 Following a process of tendering, the University is contractually bound to make air travel bookings with the following accredited air travel agents:

**Maties Travel Bureau  
Neelsie Travel Agency  
Indo Jet**

- 6.1.2.7 The agreement with the above-mentioned air travel agencies is such that **Voyager points (SAA) and Frequent Flyer points (BA)** can be earned by registered frequent travellers if bookings are made through the official ordering process. It remains the traveller's responsibility, however, to ensure that the registration number is entered on the Requisition for purchasing a booking, or he/she will forfeit this benefit.

- 6.1.2.8 Air travel is normally undertaken in the **Economy Discount Flight Class** only. Where there is a deviation from this procedure and air travel is undertaken in business class (J), first class, full economic class etc., the relevant dean/departmental chairperson/discipline head or executive head is expected to obtain the required advance authorisation from the Director: Finance and Asset Management.

**Air travel agencies are contractually bound to book travellers in the Economy Discount Flight Class within the Economy Class.**

- 6.1.2.9 Three written quotations from an official air travel agent (currently Maties Travel Bureau, Neelsie Travel Agency and Indo Jet) must be obtained for overseas flights. For internal flights three written quotations must be obtained from an official air travel agent (currently Maties Travel Bureau, Neelsie Travel Agency and Indo Jet). Refer to paragraph 6.1.2.3 if an alternative travel agency are used.

- 6.1.2.10 **All payments** for official air travel bookings will be made with the SU **corporate travel credit card (Diners Club International)** that has been launched at the official air travel agencies. On payment, travellers will immediately receive the obligatory air travel cover.

- Phase 1 for internal flights
- Phase 2 for overseas flights

**(Travellers should always be given an information brochure by the official air travel agencies so that they may familiarise themselves with the conditions, exclusions and cover of Phase 1 and 2 insurance cover.)**

- 6.1.2.11 The following information is required on the requisition for purchasing:
- Purpose for which the air trip is being undertaken
  - Names and number of travellers
  - Fully planned flight programme and airline(s) to be utilised
  - Fund(s) and cost point(s) from which will pay for the purchase

- 6.1.2.12 **Discovery Health** members are not allowed to undertake official air trips to earn personal **Validity Club** points. Bookings may not be made directly by SU or by a travel agent at Discovery Health; this has to be booked directly by the member and paid for with his/her personal credit card, a procedure which is not acceptable in terms of SU policy and procedure.

**Personal expenses such as passport costs are for the account of the staff member. Tickets purchased via the internet cannot be changed, if you cancel the ticket you will lose the full amount of the ticket.**

### 6.1.2 Procedure for users with regard to local flights

When official bookings are made, the best discount rates available in the economy class must be insisted upon. This applies to SAA as well as to BA. If this is not insisted upon, travel agents are inclined to make the booking in the full economy class. Full economy class between main centres currently is significantly more expensive than discounted flights.

Various options for discounted flights are available in the economy class, provided that proper planning is done and the booking is made early. If these discounted flights are to be utilised, bookings have to be made as early as possible, as specific conditions of payment, as well as costs are involved should changes and upgrading occur.

Example: S-class tickets have to be paid five days before the flight is due, and T-class tickets must be paid for within 24 hours of the booking. Up to 25% of the cost of a ticket can be forfeited should there be a cancellation or a change/upgrade.

- 6.1.3 The following information is required on the requisition for purchasing before the order and flight booking can be confirmed:

**In the quotation column on screen 1 of the requisition for purchasing:**

- a. Air travel agent and consultant

**In the details column on screen 2 of the requisition for purchasing:**

- b. Name of traveller(s)  
 c. Date and time of departure  
 d. Airline, flight number and class for outbound journey  
 e. Route (point of departure and point of arrival) of outbound journey  
 f. Date and time of return  
 g. Airline, flight number and class for return journey  
 h. Route (point of departure and point of arrival) of return journey

**For example:**

- Item 1: Prof L. Blom; Leave 23/09/96 at 08:30 KPS/JHB op SA427 (Y)  
Back: 23/09/96 at 17:30 JHB/KPS; MN327 (L)
- Item 2: Transaction fees
- Item 3: (Only Overseas) Diners Phase II insurance

This information enables the Purchasing and Provision Services division to check whether the correct tariff is being paid and/or whether the booking has been made in the most economical class. No air travel booking can be confirmed without the above information; it could cause a delay that could result in the loss of discounts on the part of the University and possibly in missing a flight.

Should a change be made to a confirmed booking, the Purchasing and Provision Services division must be informed so that the necessary changes or a cancellation can be made.

#### 6.1.4 Procedure for users with regard to overseas flights

All relevant information as indicated in point 6.1.3 of internal flights is applicable.

Three written quotations from an official air travel agent (currently Maties Travel Bureau, Neelsie Travel Agency and Indo Jet) must be obtained for overseas flights and provided in the quotation column of the Requisition for Purchasing. Refer to paragraph 6.1.2.3 if an alternative travel agency are used.

Important:

Information must please be sent to the Purchasing and Provision Services division in good time so that it can be checked and processed in time.

#### 6.1.5 Duties of the Purchasing and Provision Services Division

- To avoid delay, the Purchasing and Provision Services division will immediately send by e-mail the confirming order for purchasing for the relevant air trip to the air travel agency.
- The Purchasing and Provision Services division will see to it that the unique reference numbers for the different airlines, according to which credit rands are earned, are included in the official order.
- The Purchasing and Provision Services division will put the required reference numbers on the official order to authorise the corporate credit card payment. Constant and careful updating of the register of reference must be done.
- The Purchasing and Provision Services division must continuously check that discounts and credit rand are made available to the University and that a record is kept for subsequent application/allocation of it by the rectorate.

#### 6.1.6 Duties of the Division for Financial Services

The Division for Financial Services refers invoices on which the invoiced amount differs from the amount on the order to the Purchasing and Provision Services division, for checking and further handling.

**If prospective travellers are not acquainted with arrangements for air travel the Purchasing and Provision Services division, tel. (021) 808 4839, should be contacted.**

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## 6.2 Car rental bookings

### Hiring of vehicles for official use

6.2.1 **Account number 1153, Travel and accommodation costs**, must always be utilised for the booking of vehicles for hire for official use.

6.2.2 The following rules are applicable in **all instances** when vehicles are hired for official use, irrespective of the cost point (University funds, research funds or funds that are self-generated – so-called own funds) against which the expense is incurred:

6.2.2.1 The University is contractually bound to hire vehicles from the following Service providers only:

Bidvest Car Rental  
Europcar  
Hertz  
Avis

6.2.2.2 Tariffs for the hiring of vehicles for official use are available on request from the Purchasing and Provision Services division.

Only vehicles in Economy Class may be hired at Budget classes P, M, B, C, I and N, Hertz classes A, T, B, U, N and C, Avis classes A, B, M, C, D, K and N and at Imperial classes A, T, B, C, I, V and E.

Motivated requests for hiring vehicles in other (more expensive) classes shall only be considered if it is recommended by the relevant Responsible Centre head and submitted in good time in writing to the Division of Purchasing and Provision Services.

6.2.2.3 A booking for the hiring of a vehicle will not be accepted without an official requisition having been created for this purpose. The purpose of the journey and the names of the travellers must be provided at all times.

The University reserves the right to refuse to compensate the user for the cost incurred, should a vehicle be hired without the issue of an official order for that purpose.

6.2.2.4 Vehicles hired for official use within the borders of the country are insured against damage resulting from accidents and theft under the University's comprehensive policy. No additional insurance is required.

6.2.2.5 The relevant service provider must give **permission in writing** for the use of the hired vehicle beyond the borders of the country, in which instance the service provider's obligatory accident and theft cover will have to be taken out.

6.2.2.6 On acceptance of the booking referred to in 2.4 above, the Purchasing and Provision Services division will issue the confirming **voucher** of the relevant service provider that has to be **collected** from the Purchasing and Provision Services division. The voucher must be presented when the hired vehicle is fetched from/delivered to the service provider. **The relevant service provider will only hand over the hired vehicle if the above-mentioned confirmatory voucher is presented.**

6.2.2.7 The person who will be driving the hired vehicle must receive the vehicle in person and present a valid driver's licence. The relevant service provider is

obliged to keep a copy of the driver's licence on record and to ensure that the driver meets the required conditions and is qualified to hire a vehicle. All other persons who may possibly also drive the vehicle have to be registered similarly to ensure that insurance cover remains valid.

- 6.2.2.8 Cancellation of an order for a hired vehicle must be sent to the relevant service provider via the Purchasing and Provision Services division as soon as possible. If a cancellation is not confirmed in time, the hirer will be held responsible for one day's hire.
  - 6.2.2.9 When vehicles are hired in a foreign country, the University, on submission of the necessary proof, will normally only refund costs incurred with regard to vehicles in the **Economy** and **Compact** classes. Claims for compensation with regard to vehicles in other classes will only be considered on receipt of the necessary motivation in writing and on recommendation from the relevant dean, directed to the Director: Purchasing and Provisioning Services.
  - 6.2.2.10 Enquiries can be directed to the Purchasing and Provision Services division, Tel. (021) 808 4500.
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### 6.3 Printing

SU has at its disposal the services of a professional in-house printing house that can handle and/or manage the complete scope and discipline of general printing (including graphic design, layout and binding).

Departments/divisions are expected to obtain **one quote** according to procurement thresholds from SUN MeDIA Stellenbosch for all printing, binding and graphic design of products or items of which SUN MeDIA are not the sole supplier. E-mail: [sunmedia@sun.ac.za](mailto:sunmedia@sun.ac.za), tel.: (021) 808 2401 / tel. (021) 808 2762.

SUN MeDIA Stellenbosch has been appointed as the sole supplier of the following corporate stationary and printed items with the logo of the US and/or the SU shield:

- Letterheads\*
- Business cards\*
- Complimentary cards\*
- Folders/Files
- Note books
- Certificates for accredited short courses; service certificates or any certificate with the US logo on.
- Multipurpose corporate cards
- Invitations
- Official Corporate Reports and Publications as described in the agreement between SU and SUN MeDIA Stellenbosch.

\* This is relevant to all corporate, faculty and level 3-stationary, also where the US emblem the endorsed identity is.

#### **PLEASE NOTE**

**SUN MeDIA shall develop new designs, as required, in consultation with the Division: Communication and Liaison (a subdivision Stellenbosch University Advancement) within the guidelines of the approved Corporate Identity Guide, and shall handle the printing of existing and new stationery.**

As in the case of any other SU supplier, SUN MeDIA Stellenbosch shall compete with regard to price, quality and service provision regarding any other products.

6.3.1 Successful quotations by SUN MeDIA Stellenbosch shall be dealt with by means of a purchase requisition or interdepartmental requisition.

6.3.2 If a business is appointed to do graphic work, a purchase order shall be issued and completed for this purpose (the graphic work, in all formats, then becomes SU property), and the graphic design work and page layout must comply with SU's corporate image requirements and standards (CI Guide). A separate request for the corresponding **printing** shall then be issued. The graphic work shall be provided on a disc to calculate a quote for printing, for which SUN MeDIA Stellenbosch also shall be considered if the products or items are not part of the SUN MeDIA sole supplier list.

6.3.3 Copyright protection of third-party material: During the reproduction of study material, SU is exposed to the risk of copyright infringement if care is not taken in the process. Innovus Technology Transfer (Pty) Ltd is responsible for all copyright matters at SU ([www.innovus.co.za](http://www.innovus.co.za)).

6.3.4 SU has a blanket licensing agreement with DALRO, and staff is expected to report the use of third-party content in study material at [http://www.chrysalis.its.uct.ac.za/cgi/cgi\\_plo\\_user.exe](http://www.chrysalis.its.uct.ac.za/cgi/cgi_plo_user.exe). For copyright use above the legally permissible quantities, transactional copyright permission must be applied for.

### 6.3.5 Enquiries

Please direct all enquiries to:

- Purchasing and Provision Services, tel.: (021) 808 4506
- Ms Carol Kat, SU's Copyright Officer, tel.: (021) 808 2922
- Ms Janetta van der Merwe of CHEC.

#### STELLENBOSCH UNIVERSITY

- ↩ Guidelines
- ↩ Enquiries/Reporting

Carol Kat  
Copyright Officer  
Stellenbosch University  
Tel.: (021) 808 2992  
E-mail: [carolk@sun.ac.za](mailto:carolk@sun.ac.za)

#### SUN MeDIA STELLENBOSCH

- ↩ Reproduction

Natalie de Wet  
Client Service Representative:  
SUN MeDIA Stellenbosch

Tel.: (021) 808 3917  
Fax: (021) 808 2626  
Email: [asmclientservices@sun.ac.za](mailto:asmclientservices@sun.ac.za)

#### CAPE HIGHER EDUCATION CONSORTIUM (CHEC)

- ↩ Direct reporting
- ↩ Enquiries

Janetta van der Merwe  
Project Director: Copyright  
CHEC  
Tel.: (021) 659 7100/12  
Fax: (021) 659 7117  
E-mail: [jwv@chec.ac.za](mailto:jwv@chec.ac.za)  
[https://chrysalis.its.uct.ac.za/cgi/cgi\\_plo\\_user.exe](https://chrysalis.its.uct.ac.za/cgi/cgi_plo_user.exe)

#### SUN MeDIA STELLENBOSCH

- ↩ Consultation

Justa Niemand  
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SUN MeDIA Stellenbosch

Tel.: (021) 808 2610  
Fax: 086 620 6780  
E-mail: [justa@sun.ac.za](mailto:justa@sun.ac.za)

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## 6.4 Photocopiers

### Policy with regard to obtaining copying machines

- All photocopiers are obtained subject to a hire contract.
- Departmental copiers may not be used for more than 20 copies per master.
- Reasons must be given for requests for accessories like document feeders and sorters, which will only be supplied under exceptional circumstances.
- No copier with a greater capacity than 55 copies per minute will be placed in departments other than Sunprint.
- Deviation from the policy must be approved by the RCM head of the environment that applies for it and the Director Finance and Asset Management.

Procedure with regard to hiring of photocopiers

### Application by the Department

The department applies, or is requested by Commercial Services (CS), to have a copier replaced and provides the following information:

- Name of department
- Contact person
- Telephone number
- Room in which the copier will be located
- Serial number of current machine to be replaced, or
- The estimated number of copies per month that will be made, if it is to be the first machine
- Phone number if the old machine is connected to a card reader
- Any further requirements for the new copying machine, e.g. document feeder, sorter, fax and printing facilities

### Suppliers – Shortlist

At the end of each year, the Division for CS, in cooperation with the Purchasing and Provision Services division, shortlists at least three preferred service providers for the next year. The shortlist is based on price/product and levels of service in the preceding term. Short listed suppliers will be informed in writing of the procedure that will apply in the next year. Any supplier entering the market during a particular period will be evaluated on, among other things the placement of demonstration models, and will come into consideration for addition to the list of suppliers in the next term. If SU is able to benefit from immediate addition, this will be considered.

### Submission of processed quotations to the department

- The latest prices (updated at least monthly) from the preferred service providers are used to evaluate prices and draw comparisons. Each new price per supplier will be numbered and indicated as such in the price comparisons. A standard notice will, however, be sent to suppliers each month for their confirmation of their latest prices.
- Send price comparisons to the department for submission, discussion and selection by those who are involved. Calculations are done on the average monthly volumes of the existing unit over a period of at least 12 successive months. The department obtains the approval of the dean or department head.
- Should prices change to the extent that the choice of service provider will be affected before approval is granted, the cost has to be recalculated and resubmitted to the relevant environment.
- The department provides confirmation of the approval in writing to CS. If they do not choose the least costly option, the Head: RCM, with the department head, will have to give his or her approval with reasons.

### Ordering and Delivering of the copying machine

- CS creates a memo for the installation of the new copying machine and directs this to the successful provider. (This document is used as the official SU “order”.)
- The Director: Commercial Services gives approval for this “order” before it is despatched.
- The department informs CS as soon as the copying machine is delivered.
- The department informs CS of the serial number of the new copying machine to.
- The department provides the last meter reading of the old copying machine (if applicable).
- The department informs TAS if an existing card reader has to be disconnected and connected to a new machine.
- The provider supplies the new hire contract to CS.
- A copy of the signed delivery note must accompany the contract.
- CS checks the contract, makes a copy to attach to the complete record of all relevant correspondence with regard to the issue, which has to be filed with CS, and sends the original contract to the Division for Legal Services for signing and finalisation.

### Control

- A control sheet (as per attached example) to be checked by the Director: Commercial Services, which lists all processes chronologically, will be provided with each order as part of internal control.
- All documentation is retained for the longest period of five years or for however long the copier remains on campus.

### Control sheet

Date of request/application \_\_\_\_\_

Serial numbers and dates of price lists \_\_\_\_\_

Date of calculations \_\_\_\_\_

Date of sending of calculations \_\_\_\_\_

Date of approval by applicant \_\_\_\_\_

Approval: date \_\_\_\_\_

Director: Commercial Services \_\_\_\_\_

Date of order \_\_\_\_\_

Date of delivery \_\_\_\_\_

Date of despatch of contract \_\_\_\_\_

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## 6.5 Computers and printers

An attempt is being made to standardise computers and printers at SU.

### Policy

- A budget should be drawn up for all computers and printers and these should be requested per requisition for purchasing.
- IT does continuous market and product research to keep track of technological developments. IT will determine and submit specifications to the Purchasing and Provision Services division for the purchasing of standardised computers and printers that will satisfy SU expectations and needs.
- IT will provide technical support, maintain, deliver and set up the operation of the standardised computers and printers for users.
- Standardised computers with a three-year supplier's guarantee on components, as well as a three-year on-site guarantee for repairs on the NBD (next business day) principle will be purchased.
- Upgrading of any standardised computer will be subject to obtaining the required components from the preferred provider who delivered the original computer, to meet the requirements of the three-year maintenance guarantee.
- Details of standardised computers and printers will be published on the SU intranet and will be kept up to date for purposes of information and budgeting.
- Prices will be updated and adjusted continuously by the Purchasing and Provision Services division.
- A service level agreement will also be required from all preferred service providers selected for the provision of computers and printers.
- Any deviation or request for a non-standard computer will be subject to motivation by the dean /department head, directed to the Senior Director: IT and his/her approval thereof.
- The preferred provider for the supply of these non-standard computers will be selected by the Purchasing and Provision Services division.
- Obsolete and outdated computers will be identified by IT and written off.

### Procedure

- Identify and assemble a standard computer that satisfies your specific requirements and needs from components and configurations on the IT web page.
  - Give a clear indication of your choice of service provider and trade name.
  - Create a budget with the specific configuration code of the computer as identified by you.
  - Create a Requisition for Purchasing with the configuration code directed to the Purchasing and Provision Services division.
  - The Purchasing and Provision Services division will refer the Requisition for purchasing to IT for internal approval and insertion of the details of the order on the IT HEAT system. After this, it will be referred to the Purchasing and Provision Services division for finalisation.
  - The computer will be delivered to IT for product evaluation.
  - IT will execute the setup, attach the asset label, and make arrangements for delivering the computer directly to the applicant and for setting it up for use.
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## 6.6 Furniture and equipment

An attempt is being made to standardise general office furniture and equipment.

### Policy

- A budget has to be drawn up for all office equipment and furniture and this also has to be requested by means of a Requisition for Purchasing.
  - The Purchasing and Provision Services division will determine specifications for standard office furniture and equipment in cooperation with the SU Division for Maintenance.
  - Examples of standardised office furniture and chairs can be viewed at the Purchasing and Provision Services division.
  - Service providers will visit each site from which a request for office furniture is made and will make a submission for the furniture that is required, within the standardised guidelines for office furniture (available at the Purchasing and Provision Services division).
  - Office furniture with an oak finish is supplied and is purpose-made for the particular environment; this therefore is not an off-the-shelf item and at least four weeks must be allowed for manufacture and delivery.
  - Office chairs (for the desk, visitors, operator and typist) are upholstered purpose-made steel frame chairs that require approximately three weeks for delivery.
  - In case of a deviation from the standardised office furniture and equipment, prior application, with reasons by the relevant dean or head, must be submitted to the Director: Purchasing and Provisioning Services.
  - Enquiries can be directed to the Division of Purchasing and Provision Services, Tel. (021) 808 4506.
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## 7. DELIVERY AND PAYMENT WITH REGARD TO GOODS AND SERVICES

- 7.1 No goods (capital or current) and services, excluding consumable articles with a unit value of less than R1 000; **may be obtained and/or paid for without an official SU order.**
- 7.2 With the exception of some capital goods, all acquired goods and services are delivered directly to the department or division, namely to the point of delivery indicated on the order form.
- 7.3 It is the duty of the department or division to check whether the delivered goods and services are delivered correctly according to the quantity, price and quality indicated on the order form, and that the invoice is certified accordingly for payment. If a deviation is not acceptable, the department or division is responsible for the necessary return and crediting before the invoice is certified for payment.
- 7.4 Departments or divisions electronically (by computer) confirm the receipt of goods and then send the invoice to the creditor's section of the Division for Financial Services for payment. This procedure must be followed promptly and without delay by departments or divisions to avoid delay of payments, loss of discounts and disturbed relations between providers and the University.
- 7.5 No payment is made on receipt of a delivery note or a monthly statement. Only an invoice certified by the official concerned is accepted as proof for payment.
- 7.6 A **difference in price** between the delivery invoice and an official order from the University with regard to capital goods is not acceptable. These amounts usually involve fixed, quoted tender prices and there should not be any deviation or variation. Deviations or variations must first be cleared with the relevant buyer and confirmed before invoices can be certified for payment by the department or division concerned.
- 7.7 Replacement of capital goods and/or repairs to a capital item must not be undertaken before the guarantee and/or maintenance contract has been discussed and cleared with the relevant buyer. Any department, division or person in the service of SU that does not comply with these procedures and this policy will be subjected to disciplinary action in terms of the SU's Disciplinary Code.
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## 8. GENERAL

### 8.1 Inventory control

- Inventory control counts must be done each month.
- Inventory control sheets must be completed in ink.
- Open spaces on inventory control sheets must be cancelled.
- Inventory control sheets must be initialled or signed by the individual doing the inventory control.
- An independent review of, and congruence with, inventory records on the system must be indicated by the signature of the person who did the independent review.
- The comparison of the physical inventory control with the inventory as indicated on the system must be done by a person independent of the person who did the physical inventory count.
- The person who compares the physical inventory count with the inventory as indicated on the system must draw up and sign a formal reconciliation and inventory count variance report.
- The formal reconciliation and inventory count variance report must be submitted to the Director: Purchasing and Provisioning Services for control and approval.
- Any deviation between the physical inventory count and the inventory on the system must be declared in the reconciliation and inventory count variance report.
- If the Director: Purchasing and Provisioning Services is satisfied with the reasons for any surplus or deficit, the report will be sent through to the Director Finance and Asset Management for approval.
- If the Director: Finance and Asset Management approves it, any deficit or surplus will be recorded.
- The Division for Finance does an independent audit at the end of the year to establish whether the inventory count is congruent with the inventory on the system and to ensure that all surpluses and deficits are declared and recorded.
- The Purchasing and Provision Services division will file all documentation.

### 8.2 Purchasing of goods

- The person in charge of purchases of goods enters the order.
- The person's line manager approves the order.
- The person in control of goods purchases enters the goods received onto the system unless the goods received deviate from the goods ordered. In the latter case, the person's line manager needs to handle goods received.

### 8.3 SU Suppliers list

All prospective suppliers must complete the official application form. The form must be returned to the Department of Purchasing and Provision Services and all supporting documents requested in the application form must be annexed to the form. The application form will be examined and evaluated by the buyer, using Stellenbosch University's (SU) evaluation criteria for new suppliers. When the buyer has satisfied him/herself that the application form complies with the evaluation criteria, the form will be presented to the Director: the Department of Purchasing and Provision Services for his/her approval. The application form including all supporting documents i.e. Credit Inform report, approval report from the buyer and the HoD approval report, is sent to the Department of Financial Services. SU is under no obligation to place any supplier on the SU suppliers list.

All international requisitions/suppliers must be approved by the Department of Purchasing and Provision Services.

**Any department/division or person in the employ of SU who fails to abide by these procedures and this policy will be subject to disciplinary action in accordance with the SU Disciplinary code.**

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## 10. Organisational Codes

Policy on centres, bureaus and institutes (CBIs)

Administrative procedures with regard to the ORGANISATIONAL UNIT (OU) structure

### Policy on centres, bureaus and institutes (CBIs)

Approved by Senate on 27 November 2009

Approved by Council on 30 November 2009

#### 1. DEFINITIONS

1.1. The collective name for academic organisational units that are not academic departments is "CBI" (Centre/Bureau/Institute).

1.2. A CBI is linked to a department, a faculty or institutionally to the University.

##### 1.3. Terminology

1.3.1. A specific CBI is usually known as a centre, bureau or institute.

1.3.2. A CBI is free to choose which one of the three terms is used. The terms do not indicate different kinds of CBIs.

1.3.3. A unit is not regarded as a discrete CBI. It can be situated within a department, but also be a sub-section of a CBI. A unit may have an own cost centre, but not an own OU code.

#### 2. REQUIREMENTS AND PROCEDURES TO SET UP A CBI

##### 2.1. Motivation

The motivation to establish a CBI usually includes the following:

2.1.1. An explanation of the ways in which the activities of the CBI are linked to a focus area or specialisation in a department and/or subject field;

2.1.2. An explanation of why the CBI needs its own separate identity;

2.1.3. An indication of the interdisciplinary nature of the activities (in the case of a CBI type 2);

2.1.4. An indication of the viability and sustainability of the envisaged CBI.

##### 2.2. CBI categories and features:

###### 2.2.1. CBI (type 1) linked to an academic department

a. A CBI (type 1) does not offer teaching programmes under its own auspices. A CBI (type 1) could be involved in teaching programmes, but supervision of the programmes is managed by the department to which the CBI is linked.

b. Staff of a CBI (type 1) is staff members of the department to which it is linked.

c. The activities of a CBI (type 1) could include research, consultation, community interaction and the presentation of short courses.

d. A CBI (type 1) must have its own OU code, on the understanding that the time of FE staff, publications and community interaction are shared by the department and the CBI. The information is kept and reported differentially (in the Fact Book) in order to enable performance evaluation of the CBIs. When departments are evaluated, the CBI is evaluated as part of the department and included in the calculation of the core statistics.

###### 2.2.2 CBI (type 2) linked to a faculty

a. A CBI (type 2) may be established if the activities of the CBI are interdisciplinary / transdisciplinary in nature.

b. The scope of the activities of a CBI (type 2) can include research, consultation, community interaction and the presentation of short courses.

c. A CBI (type 2) may present programmes under its own auspices, which leads to official SU qualifications, on condition that

i. there is already satisfactory evidence of the viability and sustainability of the CBI over the longer term before the Senate gives permission for the CBI to present programmes which leads to official SU qualifications

ii. only postgraduate programmes can be presented under the auspices of a CBI (type 2);

d. A CBI (type 2) must have its own OU code;

- e. A CBI (type 2) functions in all respects like an academic department, including staffing, finances, reporting within a faculty, ways in which the CBI keeps and reports information, and external evaluation.

### **2.3. CBI regulations**

- 2.3.1. All CBIs must draw up their own set of rules which make provision for:
  - a. an explanation of the reasons for, and aims of, the CBI;
  - b. a governing body and an outline of its composition, appointment and duties;
  - c. a management committee and an outline of its composition, appointment and duties;
  - d. a director and an outline of the appointment, powers and duties of the director.
- 2.3.2. The CBI rules may make provision for an executive committee for the specific CBI. This is a sub-committee of the management committee.
- 2.3.3. The rules of the CBI are submitted to the APC (after they have been accepted by the faculty board) for recommendation to the Senate.
- 2.3.4. A CBI is formally constituted once the Council approves the rules of the CBI at the recommendation of the Senate.

### **2.4. Trademark**

- 2.4.1. The trademark of the CBI must satisfy the requirements of the University's corporate policy.
- 2.4.2. All material for liaison outside the University and all publicity material must satisfy the requirements of the University's corporate policy (letterheads, business cards, advertisements, websites, etc.).

### **2.5. Finances**

- 2.5.1. The following provisions apply to a CBI (type 1):
  - a. The CBI budget forms part of the department's and/or the faculty's budgetary and reporting processes;
  - b. The governing body must agree on an annual budget or business plan with the departmental chair and/or the dean;
  - c. The governing body reports annually on actual income and expenditure in relation to the budget.
- 2.5.2. For a CBI (type 2) the normal provisions for academic departments apply.
- 2.5.3. All financial transactions of CBIs (type 1 and type 2) are subject to the University's financial policy (regardless of the source of the funds).

### **2.6 Human resources**

- 2.6.1. A CBI (type 1) should follow 2.2.1 (b) above.
- 2.6.2. The University's current arrangements regarding human resource management are applicable (including recruitment, appointments, performance evaluation).
- 2.6.3. The director of a CBI must be an employee of the University (permanent full-time or permanent part-time).
- 2.6.4. Permission to do outside work is subject to the current University policy in this regard.

### **2.7 Contracts**

- 2.7.1. Any contracts to be concluded where there may be a potential conflict of interest between the CBI and the party with whom the contract is concluded must be declared to the governing body in advance.
- 2.7.2. When contracts are concluded by CBI's, all standing SU procedures with regards to contracts, specifically also the stipulations of the SU financial policy, must be complied with.
  - a. The policy regarding Contract Research Management applies to research and research related contracts.
  - b. All other contracts must be cleared by the SU Division of Legal Services before submitting it for approval to the authorised line manager or committee.

### **2.8 CBI register**

- 2.8.1. A central register is kept of CBIs and their regulations.
- 2.8.2. The register and rules are made available on the staff portal.
- 2.8.3. The University's full and updated list of CBIs is published annually in the Fact Book. The information is also available on the University's OU structure, updated on a regular basis.
- 2.8.4. Departments are responsible for updating the information on the department's CBIs (type 1) in Part I of the Calendar.
- 2.8.5. CBIs (type 2) are responsible for updating the information on the CBI in Part I of the Calendar.

## **Administrative procedures with regard to the ORGANISATIONAL UNIT (OU) structure**

### **Definition:**

All business units of the University are organised hierarchically into Organisational Units. Each Organisational Unit (OU) is allocated a 4-figure code, along with a short description of the OU. The OU structure also forms the basis for reporting channels within the University.

### **Specifications:**

The policy contains guidelines regarding the maintenance of the Organisational Unit structure of the University.

### **Contents:**

1. Incorporating an environment into the University's structure
2. Maintenance of the structure
  - 2.1 Mergers
  - 2.2 Mergers: Transfer of accompanying transactions
  - 2.3 Movement of environments between faculties
  - 2.4 Dissolution: Accommodation of subjects and modules when an environment is dissolved
  - 2.5 Cross-cutting environments
  - 2.6 Official dates regarding unbundling, mergers and shifts
3. Format of the structure
4. Outside entities
5. Maintenance of the structure

#### **1. Incorporating an environment into the University's structure**

All officially approved environments must be incorporated into the OU structure of the University. New environments must be approved by the Rector's Management Team or the US Council before they can be incorporated into the OU structure.

Institutes, centres, bureaus and units must have a valid set of rules as approved by the US Council. The OU structure will be circulated annually to deans and the responsible heads of centres, which must ensure that all environments are incorporated into the structure. If an environment is dormant, this must be indicated as such so that the OU may be closed.

#### **2. Maintenance of the structure**

##### **2.1 Mergers**

When official approval has been granted for two environments to merge within the structure of the University, a new OU is created for the merged environments for use from 1 January of the following year. The existing OUs are closed once all the accompanying transactions have been finalised by all the environments concerned.

##### **2.2 Mergers: Transfer of accompanying transactions**

A checklist has been compiled according to which the environments must process accompanying transactions. (Refer to the attached checklist). The transfer of related transactions must be done by the environment heads, faculty managers and faculty secretaries concerned to finalise the information for the respective environments that are merging within two months.

##### **2.3 Movement of environments between faculties**

When official approval has been given for an academic environment to shift from one faculty to another, the faculty manager / faculty secretary must give an indication to the Student Records division which undergraduate modules and main postgraduate study fields / sub-modules must shift and whereto. It is very important that undergraduate

modules and the main postgraduate study fields / sub-modules be shifted to the correct environment, so that the accompanying student fees transactions and registrations may be correctly transferred. An official date for the shift must be determined and communicated by the Senate /US Council.

#### 2.4 **Dissolution: Accommodation of undergraduate modules and main postgraduate study fields / sub-modules of academic environments that are dissolved**

If an academic environment is officially dissolved and undergraduate modules and main postgraduate study fields / sub-modules are linked to the environment concerned, a new academic OU may be created, directly linked to the dean's division, to accommodate the particular undergraduate modules and main postgraduate study fields / sub-modules concerned. Undergraduate modules and / or main postgraduate study fields / sub-modules can be linked only to an academic department. An official date of dissolution must be determined and communicated by the Senate /US Council.

#### 2.5 **Cross-cutting environments across faculty or Responsibility Centre (RC)'s boundaries**

No structures can accommodate cross-cutting environments across faculty or RC boundaries. For example, Geology, Geography and Environmental Studies, which report respectively to the Faculty of Arts and Social Sciences and the Faculty of Natural Sciences. At present there are 2 OU codes within the structures, viz. Geology (OU0704), which reports to the Faculty of Natural Sciences, and Geography and Environmental Studies (OU0580), which reports to the Faculty of Arts and Social Sciences. The status quo within the OU structure is thus maintained.

#### 2.6 **Closing date**

When environments merge, dissolve or shift, an official date must be determined and communicated by the Rector's Management Team or Faculty Board / Senate / US Council. The environment concerned is maintained until all transactions have been finalised according to the checklist, after which the environment is closed according to a system date. The system date is thus the date on which the OU is closed on the system after the checklist has been completed. This date may thus differ from the official closing date of the environment.

### 3. **Format of the structure**

All business units of the University are organised hierarchically into Organisational Units. The number of levels within the structure is purely needs driven. For example, the Faculty of Engineering has 3 levels, viz. the Faculty to which departments are attached and then the centres/institutes. The Faculty of Health Sciences has 4 levels, viz. the Faculty to which a department with an executive head is attached, then disciplines/divisions with a discipline head, and then the centres/units.

### 4. **Outside entities**

Outside entities (e.g. WAT, USD-ED, and ASNAPP) report to the respective operational head. The status quo is thus maintained.

### 5. **Maintenance of the structures**

The Director: Finances and Asset Management maintains the OU code structure and proposes changes after consultation with the affected environments, e.g. Human Resources, Finances, Faculties, etc. OU structure adjustments are evaluated by the Finances committee and then recommended to the Rector's Management Team. All changes must be supported with a documented motivation.

#### **Contact Division**

Financial and Management Systems

**OU CHECKLIST for use during merger or dissolution of an Organisational Unit**

<b>Division responsible</b>	<b>Aspect</b>	<b>Action</b>	<b>Person responsible</b>	<b>Date of finalisation</b>
Faculty	Central Computer System	All users of the Central Computer System must be made inactive if they leave US employment or are transferred to the new environment, if a merger takes place. <i>Contact division: Financial and Management Systems</i>	Faculty Manager/ Environment Head	
	<u>Cost centre:</u> FFB184P (CC summary) FFB280P (CC summary per OU)	All active cost centres of the environment must close or be transferred to the new environment. If the cost centre is closed, the balance of the cost centre must be zero. The balance of the cost centre must be transferred to another cost centre. Refer to the financial policy regarding the closing of cost centres. <i>Contact division: Financial and Management Systems</i>	Faculty Manager/ Environment Head	
	<u>Duties:</u> EAS656P (Duty summary)	All outstanding obligations must be followed up and finalised. <i>Contact division: Financial and Management Systems</i>	Faculty Manager/ Environment Head	
	<u>Outstanding debtors:</u> FDB610B (Outstanding debt per OU)	All outstanding debtors must be finalised. <i>Contact division: Debtors</i>	Faculty Manager/ Environment Head	
	<u>Asset register:</u> EBR001P (Assets per venue)	Inform Funds Management which venues are no longer the responsibility of the environment so that they can be made inactive. Create new venues, if necessary. <i>Contact division: Funds Management</i>	Faculty Manager/ Environment Head	
	Undergraduate modules and main postgraduate study fields / sub-modules	Inform Student Records if undergraduate modules and main postgraduate study fields / sub-modules must be shifted.	Faculty Manager/ Environment Head	
Finances	Central Computer System	Make log-on codes on the Central Computer System inactive or shift them to the new environment.	Financial and Management System	
	Cost centres	Close all cost centres or shift them to the new environment.	Financial and Management System	
	Outstanding debtors	Check that all outstanding debtors have been finalised.	Financial and Management System	
	Asset register	Make "OU code, building, venue, responsible person combinations" inactive and create new combinations, if necessary.	Financial and Management System	
Student Records		Shift undergraduate modules and main postgraduate study fields / sub-modules, if necessary.	Fund Management	
Human Resources		Shift appointments and close posts, if necessary.		

## 11. Policy on the naming of buildings, venues and other facilities/premises

As approved at the Council meeting of 13 September 2010

### 1. INTRODUCTION

The naming of university property in honour of people, companies, foundations etc. that have significantly contributed to the university, the country, humanity or a field of study, whether in monetary terms or otherwise, is a worldwide phenomenon. Some names are given spontaneously, as is frequently the case with student accommodation. The nature and range of facilities that can be named are widely divergent and include buildings, lecture halls, seminar rooms, laboratories, council chambers, foyers, sport grounds, streets, pavilions and entrances. A policy should not be needlessly limiting and prescriptive. It is impossible to make provision for all possible cases and contexts – particularly those that lie in the future. The names of buildings, venues and other facilities/premises can only be changed or named after someone if the guidelines in this policy are followed.

### 2. PURPOSE

This policy makes provision for:

- a set of general guidelines that can serve as a broad framework for decision making regarding the granting of naming rights;
- community participation where buildings, venues and other facilities/premises will be named after someone (where possible and appropriate);
- the recognition that names of buildings, venues and other facilities/premises could be reviewed in exceptional circumstances, such as on the strength of planned moves, refurbishment and upgrading of facilities to house other departments in terms of the Basis Master Plan;
- obtaining expert input; and
- the appointment of a Committee for the Naming of Buildings, Venues and Other Facilities/Premises to advise the Rector's Management Team (RMT).

### 3. GUIDELINES

- 3.1 Stellenbosch University (SU) is part of a larger community. In particular, naming a building, after someone should be deemed an act that impact on the community at large.
- 3.2 Naming buildings, venues and other facilities/premises after someone should always be done with the assumption that the name will be timeless, as far as possible. This implies that after a reasonable period of say 10 years all names will still have meaning and that the decision will still be meaningful and justifiable.
- 3.3 Transformation initiatives should not be restricted by the policy.
- 3.4 Buildings should as far as possible have descriptive or functional names in order to facilitate directions, e.g. Natural Sciences Building.
- 3.5 Naming buildings, venues and other facilities/premises after persons, entails a particular risk and should be handled circumspectly.
- 3.6 Naming buildings, venues and other facilities/premises after companies or commercial products should also be handled circumspectly so that its use does not create reputation or image risks for SU.
- 3.7 If the building is named after a person, company or product, the name of the building typically will consist of a primary portion (named after someone) and an accompanying secondary portion (indicating utilisation of the facility).

- 3.8 If a proposal is made to name a building after a specific person, that person's life, work and/or activities had to have been such that they emphasise the core values of SU.
- 3.9 Buildings, venues and other facilities/premises may be named after companies, businesses or products if their activities and/or history are not in conflict with the core values and vision of SU. When buildings or facilities are named after businesses, the context in which the names of the businesses are used in public must be taken into account. If, for example, the name of a business after which a building or facility has been named changes, the name of the building or facility does not change unless it is decided so by the RMT.
- 3.10 Every request or proposal for naming must be evaluated on merit and not only on the grounds of the financial contribution had meeting had a specific predetermined need.
- 3.11 When donors make donations/sponsorships to SU, naming the building or facility after the relevant donor will only be considered if the donation/sponsorship:
  - 3.11.1 in the case of a new building or facility, contributes to at least 50% of the cost of the erection of the building or facility. Naming a new building or facility after a donor/sponsor in cases where a large part of the costs are subsidised by government will be handled per specific case, but the size of the donor/sponsor's contribution will still be a deciding factor; and
  - 3.11.2 in the case of the extension or major refurbishment of a building or facility, equals at least 50% of the cost of the relevant refurbishment. When determining the level of the contribution to justify naming the building or facility after someone, it should be kept in mind that extension and/or refurbishment usually cost less than erecting a new facility.
- 3.12 The names of buildings, venues and other facilities/premises can only be changed if the operational procedure that arises from the policy is followed.
- 3.13 Naming means following a complete consultation route.
- 3.14 If there is a need to change the wording of an existing plaque in the foyer of a building or to put up a new plaque, the relevant wording should be limited as far as possible to the history and/or use of the building and not contain wording that may be offensive to any person/group. The wording may also not be of such a nature as to amount to blatant promotion or marketing.
- 3.15 The explicit condition is that SU reserves the right to reconsider at any time the names of any SU buildings, venues and other facilities/premises, and that, after 10 years from the date of naming a specific building, the name of that building should be reconsidered.
- 3.16 Names are displayed in Afrikaans, English and isiXhosa, as far as practically possible.
- 3.17 A complete operational procedure must be developed, and be approved by the RMT, for the application of the Policy.
- 3.18 A knowledgeable committee is appointed by the RMT to advise them on naming. This committee has the right of co-optation of specialists, as needed and on a case by case basis, such as historians, lawyers and representatives from the broader community.

3.19 The power of disposal for the naming of venues, foyers, lecture halls, seminar rooms, sport grounds, etc be delegated to the Rector, but that power of disposal for naming of buildings be delegated to the Executive Committee of Council.

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12. **POLICY FOR THE SETTING UP OF LEGAL ENTITIES AND/OR TRUSTS IN WHICH STELLENBOSCH UNIVERSITY (SU) HAS AN INTEREST OR IN WHICH SU IS INVOLVED IN ANY WAY**

**Scope:**

This policy sets out the process that has to be followed in order to obtain approval for setting up a legal entity or a trust in which Stellenbosch University (SU) has an interest or in which SU is involved in any way, as well as guidelines for the information that must be provided in order for the request to be considered.

**Policy:**

**Process:**

All requests for setting up a legal entity or a trust in which SU has an interest or in which SU is involved in any way shall be addressed to the Director: Financial Planning and Asset Management, in the format as prescribed below. The request shall then be submitted to the Finance Committee for consideration and recommendation to the Rector's Management Team (RMT).

**Format and information:**

All applications shall be in a format that typically would cover the following elements:

1. The name of the legal entity/trust concerned and the reason for choosing this name.
2. A short executive summary that explains the following:
  - The motivation for setting up the legal entity/trust.
  - The way in which this legal entity/trust will promote the five-point vision statement and strategic priorities and objectives of the University.
  - The person(s) responsible for the financial bookkeeping of the legal entity/trust.
  - The reasons why the specific type of entity is preferred.
3. A thorough viability study that focuses on:
  - market realities
  - relevant technology (if necessary)
  - financial viability (which must be supported, by way of addenda, with statements of projected income streams and expenditure)
4. A business plan with measurable objectives, and allocated responsibilities/ accountabilities that clearly indicate how the proposed legal entity/trust will be managed.
5. An indication of the key risks to which the legal entity/trust concerned will be exposed, with the accompanying responsibility for governance in terms of which these risks will be addressed.
6. Regarding policy:
  - The Financial Policy, the policies of the Division: Human Resources, the Research Policy, the Policy on Intellectual Property and any other appropriate SU policies shall be complied with.
  - SU's policies shall be applicable to the legal entity/trust.

The Finance Committee shall decide whether the request will be recommended to the RMT for final approval. No legal entity/trust in which SU has an interest or in which SU is involved may be established without the RMT's approval.

**Contact division:**

Financial Services

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### 13. RISK-MANAGEMENT POLICY

Reference number of this document	
HEMIS classification	0601 "Executive Management" 1601 "Strategic Planning" 1604 "Management Information Services "
Purpose	To guide the management of risks at SU
Type of document	Policy
Accessibility	Internal and external
Date of implementation	
Revision date/frequency	
Previous revisions	No previous revisions; new policy
Owner of the policy	Chief Operating Officer
Institutional functionary (curator) responsible for this policy	Director: Risk Management and Campus Security
Approval date	30 November 2015
Approved by	SU Council
Keywords	Risk management / Risk

#### 1. Introduction

Stellenbosch University (SU) is, like any other organisation, exposed to various risks. These risks have the potential to disrupt the attainment of SU's strategic and operational goals as well as sustainability. SU aims to make more informed decisions based on a structured approach to risk management and with consideration of any advantages that risks taken may hold. In this way a proactive preventative, rather than a reactive, approach is followed, with higher expectations of SU attaining its goals.

#### 2. Application of the policy

This policy is by default applicable to all staff members (permanent and part-time) in faculties, departments, centres, bureaus, institutes and the support services, as well as to all members of the statutory bodies of SU and the members of companies controlled by SU that are involved in the governance and management of risks. Student structures are also encouraged and supported to follow the principles. Risk management is applicable to all areas of SU's activities, including corporate governance, academic, commercialisation, sports, cultural and student activities.

#### 3. Definitions

Definitions are provided in a separate glossary to, where necessary, provide room for a broader explanation of concepts and the creation of general risk-management definitions. The glossary is applicable to all documents on risk management, for example the policy and manual, and prevents duplication and contradictions. The glossary is adapted and updated from time to time as necessary. See **Appendix B**.

#### **4. Purpose of the policy**

The purpose of the policy is to:

- Commit SU formally to risk management modelled on SU's current vision, mission, core values, ethics and strategic as well as operational goals, and to support these;
- Commit SU to the implementation and maintenance of effective and transparent risk management supported by resources consisting of people, capital, physical facilities, equipment, policies, regulations, systems, processes and information systems; and
- Set guidelines for the take, governance and management of risks applicable to SU in the context of each staff member's role and work environment, as well as the broader university environment.

#### **5. Aims of the policy**

With the implementation of this policy, SU wants to attain the following aims:

- a) To formalise the framework, methods and terminology of risk management of all SU's activities and to establish a reporting protocol;
- b) To give guidance to persons responsible for the review, identification, assessment, monitoring, management and notification of risks;
- c) To ensure that the policy and management documents are available to all interested parties;
- d) To ensure that risks are continuously identified, documented and managed;
- e) To ensure better coordination and identification/demarcation of roles and responsibilities regarding the review and management of risks;
- f) To ensure that SU manages risks appropriately and thereby ensure that potential opportunities are maximised and the detrimental effect of risks are minimalised, not necessarily with the aim of totally eliminating risk from all activities; and
- g) Effective reporting to the Audit and Risk Committee of Council (ARC(C)).

The overarching aim of this policy is to ensure that SU applies the identification, measurement, governance, monitoring and notification of risks consistently at all levels and in all SU's activities.

#### **6. Policy principles**

The risk-management policy and the application thereof must, considering all relevant legislation:

- a) Be aligned with SU's current Institutional Intent and Strategy;
- b) Be in line with regulatory requirements, such as the Regulations for Reporting by Higher Education Institutions and leading risk-management practices, for example the recommendations regarding corporate governance, the applicable guidelines on risk management, as contained in the King Code and Report, the COSO and ISO

- 31 000 risk-management frameworks, and monitor changes and compliance continuously;
- c) Be supported by a risk-management structure relevant to SU given the external context, nature and complexity of SU's activities and current business model;
  - d) Be embedded in SU's core activities, systems and processes, yet also be dynamic enough to adapt to changing circumstances;
  - e) Evaluate all types of risks applicable to SU;
  - f) Clearly establish the accountability, ownership, responsibilities, expectations, as well as the required conduct and mindset with regard to the risk-management responsibilities of Council, Management and staff members; and
  - g) Establish and develop the required risk-management culture.

## **7. Policy provisions**

- a) SU should continuously strive for an effective institutional risk-management maturity level through the establishment and continuous refinement of risk management, as contained in the applicable policy, framework, strategy, plan and manual.
- b) Council delegates the responsibility for designing, implementing and monitoring SU's risk strategy to the Rector. The Rector and the Rectors' Management Team (RMT) are accountable to Council and responsible for integrating risk management into the operational activities of SU.
- c) SU's risk-management framework consists of a system of risk review, risk management and internal controls designed to identify, assess, monitor, communicate and manage risks.
- d) Management should:
  - (i) regularly review the relationship between strategic goals and risks to ensure that emphasis is placed on activities with the highest priority; and
  - (ii) determine the acceptable levels of risk for SU by establishing an overhead risk tolerance and acceptable levels of deviation.
- e) Risks must be identified on both institutional and environment levels and managed within SU's risk tolerance. This approach acknowledges that risks are often related and have a mutual influence, which may increase the impact of risks, and that not all risks can be avoided.
- f) Members of the RMT, deans and faculty managers as well as environment heads and their subordinate management team members are compelled to capture their environment's risks in the SU risk register for review and notification purposes. They should also implement specific limits of risk-tolerance levels aligned with the overarching limits approved by Council.
- g) The level on which a risk is managed is determined in the risk-management plan by escalating risks upwards to the relevant level for the effective management of the risk and related interventions.
- h) The risks that are documented in SU's risk register serve as account of risk events to which SU is potentially or historically exposed. Each risk is classified in terms of one primary risk classification. The primary classifications are (1) Strategic, (2)

Operational, (3) Finance, (4) Research, (5) Teaching and learning, (6) Reputation, (7) People, (8) Facilities, (9) Technical and IT, (10) Safety and security, (11) Sustainability and (12) Compliance. An Institutional Classification Owner is appointed to oversee and report on each classification. The classifications and typical risks specific to each classification eventually form a risk universe map specific to universities. The secretariat of the Risk Management Committee (RMC) will keep and update a risk universe map to serve as risk-identification aid as well as review document.

- i) Risk management is embedded in the establishment of strategy, planning, performance management and operational processes.
- j) Risk management should also be used to obtain the correct balance between the risk associated with an activity or initiative and the benefits thereof.
- k) Council must ensure that Management and all staff members are provided with the applicable and sufficient guidance and training on various levels in terms of the principles of risk management to enhance awareness and establish responsibilities.
- l) Risk management must provide for extraordinary events.
- m) Risk intervention, reporting systems and processes must ensure that the management and notification of such exceptional and critical events and other high risks are expedited and escalated to the relevant level.
- n) Council should receive reassurance on the extent and efficiency of the risk-management system and process. Council receives its reassurance through the reporting of the ARC(C), Management and internal audits.

## **8. Conflict resolution**

Conflict arising from this policy should firstly be referred to the Chief Operating Officer for consideration and resolution. Should the conflict not be resolved in this manner, it should be escalated to the RMT.

The Rector has the final authority to resolve conflict arising from the application of this policy.

## 9. Policy governance

### 9.1 Governance structure

The policy is enacted by SU Council. The Rector, as chief risk manager, is responsible for the execution of this policy. The Rector delegates the overhead responsibility to the relevant member of the RMT, namely the Chief Operating Officer. **Appendix A** gives a schematic representation of SU's levels of safety and risk management.

The Chief Operating Officer is the owner of the risk-management policy.

### 9.2 Roles and responsibilities

Roles and responsibilities arising from this policy are allocated in terms of SU's delegation policy and system.

9.2.1 SU Council has the overhead responsibility for direction in terms of, and supervision of, the management of risks and the internal control environment in the University and is the final authority responsible for risk management.

Council is further responsible to report via the annual report on risk management and how the institution dealt with institutional risks, as prescribed in the Regulations for Reporting by Higher Education Institutions.

Council is responsible for ensuring that effective risk-based internal audits and reporting take place, and also reports on the efficiency of the system of risk management and internal controls.

9.2.2 The ARC(C) is the Council committee with a direct review responsibility for risk management. The committee should as far as possible consist of independent, external persons with the required risk-management skills and experience.

9.2.3 The Rector and Vice-Chancellor is responsible to Council for risk management at SU. The Rector's responsibilities include the high-level review of management and administration, risk management, review of information technology management, a risk-based internal audit system and integrated reporting.

9.2.4 SU's Chief Operating Officer is the Rector's delegate who, as the RMC chair, takes the lead in and supervises the risk-management and combined assurance processes at SU and takes responsibility for reporting on these to the RMT and then to the ARC(C).

9.2.5 The heads of responsibility centres (RCs) have the overhead responsibility for the identification and management of risks in their respective RCs, as well as guiding and supervising the management of operational risks on all operational levels in RCs.

9.2.6 The RMC makes recommendations to the RMT and the ARC(C) on suitable risk appetites in support of meeting institutional goals and operational requirements. The

RMC also makes recommendations to the RMT and risk owners on the suitable risk-tolerance level as well as the acceptance of residual risks. The RMC is also responsible for receiving and considering recommendation reports from functional structures, such as the SU Security Forum and the Information Technology Management Committee, and compliance reports from the respective environments and *ad hoc* task groups that are appointed to monitor issues such as new legislation or best practices in risk management.

The purpose, functions, composition, work method and powers of the RMC are fully defined in the regulations of the RMC.

9.2.7 Line heads are responsible in terms of SU's risk-management model for the identification, management and communication of risks in their environment.

9.2.8 The Director: Risk Management and Campus Security has a threefold responsibility regarding risk management, namely to

- *As RMC secretariat, manage the secretary function;*
- *As policy curator, take the lead in representation on formulation, approval processes, revision, communication and making this policy and supporting management documents available to establish common risk terminology, aligned processes and minimum standards; and*
- *As Director: Risk Management and Campus Security, offer institutional risk-management support services to line heads as well as functional support of SU's risk-management systems.*

9.2.9 External role players. The RMC is functionally supported by SU's internal and forensic auditors, insurance brokers and other specialist experts who are contracted in as and when necessary. The internal auditors have a seat on RMC meetings and are invited to the ARC(C).

### **9.3 Implementation**

The implementation of the policy will take place under supervision and guidance of the Chief Operating Officer.

### **9.4 Monitoring**

The RMC monitors the application of this policy by setting and controlling strategic and operational risk-management goals.

### **9.5 Reporting and notification**

Reporting takes place on each of the various levels of risk management as contained in the risk-management framework (**Appendix A**). Accordingly, guidelines and instructions by Council and/or the ARC(C) (level 1) are delegated to the Rector and RMT (level 2), to the RMC (level 3), to the four RCs (level 4), and to the faculties and

support service environments (level 5). Notification takes place via the opposite route. Reporting should comply with applicable regulatory requirements.

#### **9.6 Disclosure**

The risk-management policy is an internal management document available to managers and all staff members on the intranet. The policy may, with permission from the curator of the policy, be made available externally.

#### **9.7 Revision**

This policy serves as the current foundation for SU's risk-management system and process and will be revised biennially or according to circumstances.

#### **9.8 Action in case of non-compliance**

Management intervention on an applicable level and in a relevant manner

### **10. Supporting and related documents**

The architecture of SU's risk-management policy consists of the policy itself as well as supporting and related documentation. Supporting documentation gives effect to and offers guidelines for the policy. Related documentation establishes the requirements and context.

The appendices to the policy are supplementary to the policy and must be read in conjunction with it, but do not form part of the policy. The appendices may be revised and amended by Management from time to time.

### Supporting documentation

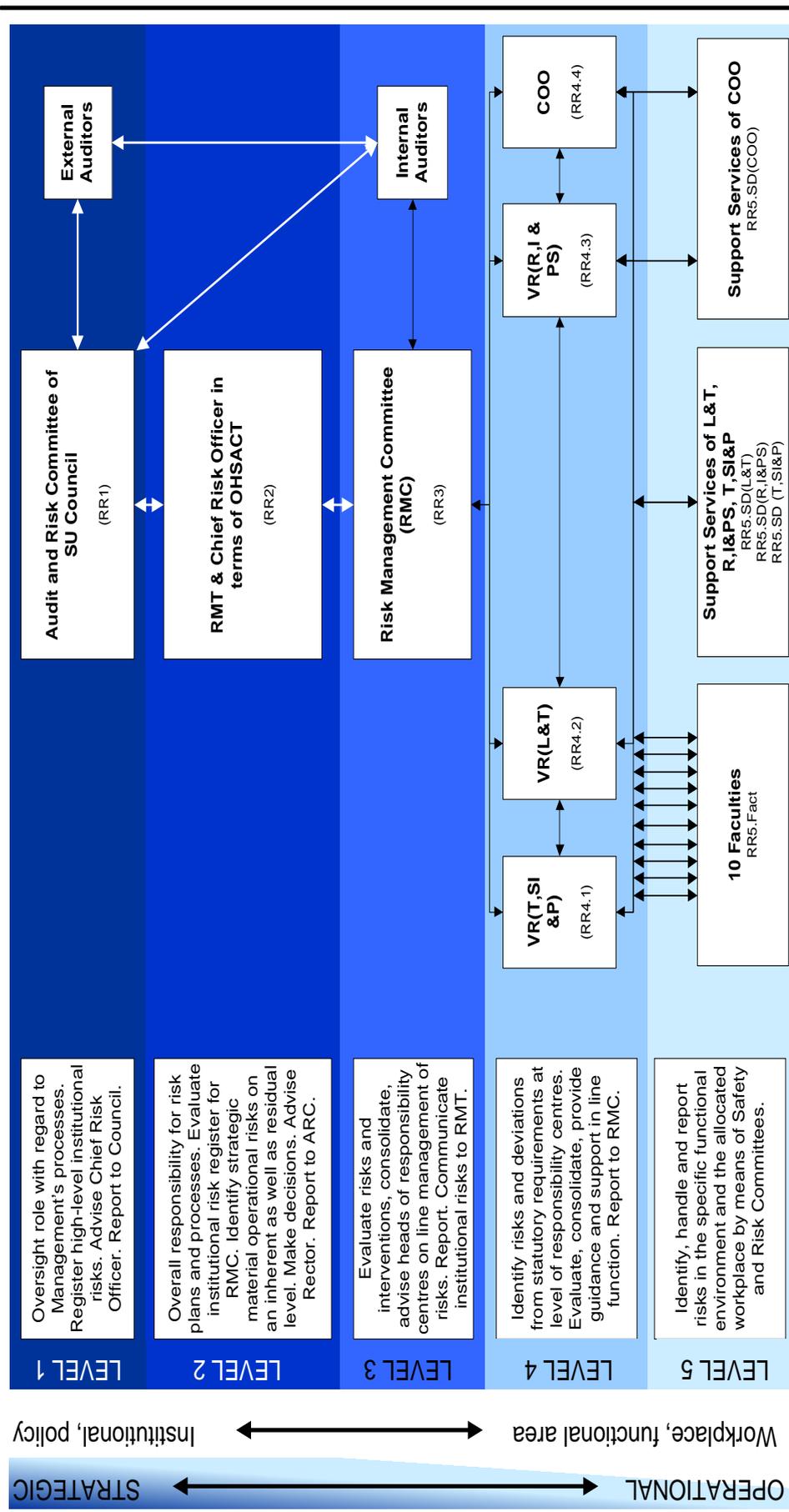
Item no.	Name of document	Status
1.	SU Institutional Intent and Strategy as approved in 2013	
2.	Regulations of the Risk Management Committee as approved on 8 September 2011	
3.	SU risk-management framework and strategy	
4.	SU risk-management manual	
5.	SU research ethics policy	
6.	Risk-management plan	
7.	Appendices to the policy:	
	<b>Appendix A</b> – Levels of safety and risk management at SU	
	<b>Appendix B</b> – Glossary	

### Related documents

Item no.	Name of document	Status
1.	King III Report on Corporate Governance	
2.	Occupational Health and Safety Act, No. 85 of 1993	
3.	Regulation 464 of the Higher Education Act (No. 101 of 1997): Regulations for Reporting by Higher Education Institutions signed on 9 June 2014	
4.	Policy on conflict of interests	
5.	SU delegation policy and procedures	

# Appendix A

## Levels of safety and risk management at SU Embedded in existing structures for systemic safety and risk evaluation and integrated management



\* Central database for oversight and coordination at Head: Risk Management & Campus Security RR = Risk Register

(in terms of Occupational Health and Safety Act and 'Ordinary' delegations)

STRATEGIC ← → WORKPLACE, FUNCTIONAL AREA → → OPERATIONAL

GLOSSARY

ARC(C)	Audit and Risk Committee of Council
Corporate governance	In the context of this policy it refers to both control and supervision
Embedded risk-management model	The management model for risk management embedded in the organisational structure of the institution. Line heads manage their environments' risks and supervise the management of the risks of subordinate environments.
Environment	A faculty, or support service environment, subsidiary, other related companies or activities resorting under an RC and of which the head, whether dean, chief director or senior director, reports to a vice-rector or the Chief Operating Officer.
Environment-wide risk management	A continuous process of coordinated management activities by Council, Management and staff members applied during the establishment of strategy and on all levels at SU to identify and assess potential events that may influence SU and to allocate and manage responsibility within SU's risk appetite and tolerance to give reasonable assurance in terms of SU's attainment of its objectives Establishment of risk and governance ownership on all levels and within each role where risks must be managed
Extraordinary event	An event that takes place without expectation. Also known as a black swan event.
Impact	The effect that the risk will have on the environment or institution as a whole should the event occur
Inherent risk exposure	The exposure inherent to the potential risk event in the absence of interventions aimed at decreasing exposure; in short, the exposure before actions to decrease it
Management	Members of the RMT, deans and faculty managers as well as environment heads and their subordinate management team members up to director level, RC heads and line heads
Operational controls	Refers to operational processes, human resources, information and systems
Operational risks	Exposure to an event, resulting from unsuccessful operational controls, operational activities or incidents that could lead to loss, damage or injury
Probability	The chance that an event will take place. In the context of inherent risk it refers to, and is influenced by, factors such as the macro-economic environment and geographic representation. In the context of residual risk it is influenced by the efficiency of controls such as human resources, processes and systems.
RC	Responsibility Centre
RC head	The vice-rector or other senior manager that heads an RC
Reporting	A combination of activities that vary from the risk register that serves at the risk-management and operations meeting, to the overhead risk report and the risk register sent annually to the Department of Higher Education in compliance with the Regulations for Reporting by Higher Education Institutions
Residual risk	The residual or remaining exposure to a potential risk event after actions have been implemented to decrease the probability and impact (also called net risk)
Risk	The effect of uncertainty on goals. 'Effect' is a positive or negative deviation from the expected. Risk is also often defined as an event, a change in circumstances or a consequence, but this new definition of

	<p>risk identifies risks in the context of the organisations' own goals and not only risks in general. 'Risk' is therefore distinguished from a risk event that has already taken place and about which there is therefore no uncertainty. Risk is evaluated in terms of impact and probability. <i>(ISO Guide 73: Risk is the effect of uncertainty on objectives.)</i></p>
Risk analysis	<p>The process used to understand the nature, sources and causes of identified risks and to determine the level of risk. It is also used to evaluate the impact, consequences and controls currently in existence.</p> <p style="text-align: right;"><i>(ISO 31 000)</i></p>
Risk appetite	<p>The amount of risk Council is willing to take in the pursuit of the attainment of goals</p>
Risk assessment	<p>The process consisting of risk identification, risk analysis and risk evaluation on the basis of impact and probability. Risks are assessed on an inherent and residual basis.</p>
Risk context	<p>External and internal considerations that must be taken into account in the management of all risks applicable to the institution</p>
Risk description	<p>A structured paragraph or statement defining the source of a risk, potential events to which it may lead and causes and possible consequences thereof</p>
Risk evaluation	<p>Application of techniques to evaluate the exposure of one risk against another in order to prioritise risks</p>
Risk event	<p>As risk event can be one or various events, or even a non-event (when something that should have happened did not happen). It can also be described as incidents or accidents.</p> <p>Events always have a cause and usually have consequences. Events without consequences are sometimes referred to as near-misses, near-hits or close calls.</p>
Risk event database	<p>A database into which all risk events and near-misses are entered. Such database can be used to identify and analyse risks in terms of probability and impact.</p> <p>Is distinguished from risk register (see later).</p>
Risk identification	<p>Application of various methods to find, recognise and describe, inclusive of the main causes, risks that may influence the attainment of goals</p>
Risk management	<p>An extensive description of the interventions taken to downmanage the exposure and/or impact, with distinction between actions already completed and actions in process, with the disposal target date. Risk response can be divided into actions that:</p> <ul style="list-style-type: none"> <li>(i) Tolerate risks – the risk where exposure is as low as possible</li> <li>(ii) Treat, decrease or mitigate risks – through improvements to the internal control environment</li> <li>(iii) Transfer risks – usually to a third party such as insurance or outsourcing</li> <li>(iv) Avoid/terminate risks – the activity that leads to the unacceptable risk <ul style="list-style-type: none"> <li>• Exploitation of the risk where the risk exposure represents disregard of a potential event</li> </ul> </li> </ul>
Risk-management framework	<p>The <b>fundamental</b> and <b>organisational</b> components that support and maintain risk management in an institution. The fundamental component includes the risk-management policy, goals and mandates and commitment to these. The organisational component includes the plans, relationships, accountabilities, resources, processes and</p>

	activities used to manage the institution's risks.
Risk-management plan	Schema in which the approach and actions in terms of risk management as well as the relevant components are applied in an integrated way to attain risk-management priorities and goals. As risk-management plan is not a generic document, but should rather ensure that specific information is provided to participants in an activity or project. The plan stipulates how risk should be handled.
Risk-management policy	A declaration of the targets, direction and tempo to which an institution strives in the area of risk management
Risk-management process	The systematic application of policy, procedures and practices and application of communication and consultation activities to establish the context, identify, evaluate and manage risks and continuously revise the process and outcomes
Risk-management secretariat	The office, environment and functionary that assists the RMC chair with secretariat functions, such as keeping the risk register, institutional risk-management documents, agendas and minutes and convening meetings
Risk monitoring	Refers to ongoing activities that include the following: (i) Measurement of risk management based on risk indicators (ii) Periodical evaluation of progress of and deviations from the risk-management plan (iii) Changes in the external and internal operational environment and the impact thereof on the strategic risk profile of SU (iv) Assurance of the effective design and functioning of risk responses (v) Following up of implementation of risk responses (vi) Analysis and increased understanding based on changes, trends, successes, failures and risk events (including near-misses) (vii) Identification of emerging risks.
Risk owner	A person, incumbent or entity responsible and accountable for risk management
Risk register	The register of risks applicable to a specific organisation, area, and so forth. The risk register contains: (i) A description of risks with regard to impact and probability (ii) Evaluation of the inherent and residual risk per risk (iii) Evaluation of the efficiency of the relevant controls (iv) Action plans to implement additional controls needed to manage risks to an acceptable level (v) The status of risk-mitigation actions  Risk registers contain risk information within each area and are primarily used to monitor risks. The various areas' risk registers are, depending on the level of risk, escalated to the next level up to SU's overhead risk register (if the risk is high enough).
Risk tolerance	The acceptable level of deviation with regard to goals, often expressed in numerical terms relating to the specific goal
Strategic risks	Risks that threaten the realisation of SU's institutional intent, strategy and goals, as defined in SU's Institutional Intent and Strategy or any part thereof
Strategy	The long-term goals of SU. The strategic-planning horizon for an institution is typically three, five or more years.
Uncertainty	A condition that refers to the inadequacy of information and that

	leads to insufficient or incomplete knowledge or understanding. In the context of risk management uncertainty exists when knowledge or understanding of an event, consequence or probability is insufficient or incomplete.
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Financial Policy Approved by SU Council	2009/05/04
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Updated Rectors Management Team	2014/11/11
Updated Rectors Management Team	2015/05/05
Updated SARS 1 March 2015	2015/06/01
Updated SARS 1 March 2016	2016/03/14

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