



**POLICY ON FINANCIAL GOVERNANCE**



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## TITLE AND COPYRIGHT

<b>Title</b>	<b>Policy on Financial Governance</b>
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## 1. PURPOSE

It is the policy of the University of Venda that financial responsibilities of Council and the Audit Committee be delegated to the various functionaries within the University. The Audit Committee accepts the general responsibilities of financial governance on behalf of Council and this is delegated to management.

## 2. DEFINITION

- 2.1 Management** – these include all Deans, Heads of Departments, Directors, and members of the EMC.
- 2.2 EMC** – this incorporates the Vice-Chancellor, Deputy Vice-Chancellors, (DVC's), and the Registrar.
- 2.3 Cost Centre Responsibility Manager** – any manager allocated a budget to control. These include heads of academic departments and heads of support departments.
- 2.4 Programme Manager** – members of the EMC.
- 2.5 University** – refers to the University of Venda

## 3. RULES

Financial governance at the University of Venda is guided by the Higher Education Act (101/1997), as amended and Regulations for annual reporting by higher education institutions (Government Gazette 25407 – 29 August 2003).

## 4. PROCEDURE

An executive summary of the policies and procedures, that have been established to ensure financial control, is provided in the following pages.

### 4.1. Budget Control

#### 4.1.1 Budget Approval

The budget recommended by the Finance Committee of Council must be approved by the Council of the University of Venda.

#### 4.1.2 Budget Transfers

Due to the dynamic nature and scope of the University's activities, a certain amount of adaptability is built into the budget system. This is facilitated through delegated responsibilities to programme managers and cost centre responsibility managers to make internal fund transfers, but only within the total amount allowed per functional area or cost centre.



Programme managers may transfer funds between cost centres within the same programme and between programmes. The approval of transfer of funds should be agreed upon and acknowledged by the cost centres concerned. This should be communicated in writing to the Deputy Vice-Chancellor concerned and thereafter forwarded to Directorate Finance for finalisation.

The budget system is accessible to each cost centre responsibility manager on-line through entering a personal identification code. No transaction can be made in the accounting records without an authorisation code, which is linked to a specific person. Codes in the budget system enable an audit trail on the following transactions:

- Budget allocation;
- Allocations to or from other funds;
- Allocations to or from other cost centres; and
- Transfers from one account to another within the same entity.

Overspending is automatically prevented by the controls built into the system.

#### 4.1.3 Budget Adjustments

Budget adjustments, e.g. transfers between cost centres and accounts, can take place only if:

- a cost centre responsibility manager is unable to transfer funds from other accounts within his or her cost centre;
- a programme manager is unable to transfer funds from other cost centres within his or her faculty or division;
- other programme managers within a particular Deputy Vice-Chancellor's division are unable to transfer funds to a colleague's programme; and
- other Deputy Vice-Chancellors are unable to transfer sufficient funds to a colleague's division;

In order to enable Directorate Finance to initiate the budget adjustments:

- approval in principle for an extension has to be granted by the EMC; and
- the approval of the Finance Committee of Council and Council has to be sought as well.

Deficits have to be explained by means of a written report.

#### 4.2 Income Control

University funds are defined as all monies receivable by the University. These include student fees, donations, research grants, short-course fees and funds for cost centres, departments and faculties.

##### 4.2.1 Collection of revenue:



## 4.2.1.1 Student Fees

The Student Fees Office as well as the Collection Unit ensures that all debtors pay their dues, or make alternative arrangements. To ensure collection, the following are done:

- Quarterly statements/ accounts are sent to each debtor (student, parent or employer);
- When arrears occur, the Credit Control Unit begins to make telephonic enquiries;
- Academic results, Certificates or diplomas are not issued to defaulting students;
- Re-registration is prevented if any previous year's debt is outstanding;
- In the final stages, the delinquent account is presented to external debt collecting agencies for further action; and
- If no results are achieved, the student's name is placed on the national list of credit risks.

## 4.2.1.2 Revenue from other services

- Accounts for other services or products are sent out by the department involved, making use of official invoice books obtainable from Directorate Finance.
- Donation deposits raised through Foundation activities should preferably be made via the University of Venda Foundation, but may also be made at the cashiers. In the latter case, the Foundation is furnished with the original receipt and full particulars of the donor. An official letter of thanks, accompanied by the receipt and a tax certificate, will then be issued by the Foundation.

## 4.3 Spending Control

### 4.3.1 Payment of salaries and wages

Salaries and wages are paid according to the available budget for the entity, while new appointments are monitored through the approved Human Resources' policies.

### 4.3.2 Institutional Purchases

Buying is dealt with centrally by the Procurement Services Division. All buying is done by order number and an order number will be allocated only if sufficient funds are available. Once an order is placed, a commitment is created that immediately reduces the available budget funds accordingly. All requests for payment must be accompanied by an invoice and proof of goods delivered.

Prices may be negotiated only by the buyers and this is undertaken on the following basis upon quotation request:



- quotations by telephone - as prescribed in the procurement policy;
- written quotations – as prescribed in the procurement policy; and
- tenders for orders – as prescribed in the Tender policy.

#### 4.3.2.1 Role of the Tender Committee

A Tender Committee serves to assess tenders and grant contracts to the successful tenderers. The funds required must be available in the cost centre or relevant project entity, against which all expenditure is monitored. Payments in respect of projects are made only on presentation of certificates that the work has been completed according to standard and that the retention period has lapsed.

#### 4.3.3 Maintenance of the Buildings

Building management policies have been drawn up by the Infrastructure department to ensure the optimal and cost-effective use of all available areas. This regulates decisions in respect of minor works, alterations and new projects concerning buildings, landscaping, parking and aesthetics.

#### 4.3.4 Expenditure control

Control over all expenditure is exercised through signing powers and is managed by the responsible cost centre managers and programme managers. Signing powers are delegated in line with the prescriptions of the policy on Internal and External Signing Powers.

Debit order instructions and signing powers of external contracts must be according to the policy on External Signing Powers.

#### 4.3.5 Seeking of further advice on legal matters

Where there is doubt about the legitimacy of any of the terms or conditions of a contract, the contract is submitted to the internal legal department for possible referral to the external legal advisors.

### 4.4 REPORTING

Annual financial reporting at the University of Venda is done as prescribed in the Higher Education Act (101/1997) and Regulations for annual reporting by higher education institutions (2003).

Monthly financial reports in the prescribed format are issued to the EMC by Directorate Finance.

## 5 RELATED POLICIES AND DOCUMENTATIONS

All finance policy documents



**6 REGULATORY FRAMEWORK**

GAAP

King III report on Corporate Governance  
Higher Education Act (Act 107 of 1997)

**7 REVIEW DATE**

This policy will be reviewed after three years or as and when the need arises.

**8 RECORD OF CHANGES**

REVISION	DATE	AUTHOR(S)	DESCRIPTION

**9 APPROVAL**

A handwritten signature in black ink, appearing to be 'M. M. M.', written over a horizontal line.

Registrar (Secretary of Council)