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FOREWORD

In pursuit of its Mission to become the premier University of African Scholarship, the University of KwaZulu-Natal is committed to the principles and practice of good corporate governance. To conduct its business effectively, the University needs to ensure that it has sound financial management systems in place and that these systems are strictly adhered to. An integral part of this process is the establishment of financial regulations which direct the manner in which the University manages and controls its financial activities and obligations, and which thereby contribute to the achievement of the University's Mission.

Financial regulations make good business sense in any organisation. In the case of a public institution such as the University of KwaZulu-Natal, they take on added significance in their application to the guardianship and usage of public and trust funds. To this end, the University – although not formally obliged to do so – has adopted certain key provisions of the Public Finance Management Act.

These regulations support the position of the Council of the University as the primary executive body. They facilitate the delegation of authority by Council to a range of committees, including the University executive management, and to designated officers, thereby establishing levels of authority and accountability. They are designed to give assurance to all parties with whom the University interacts that staff, systems and committee structures are in a position to properly execute planning decisions and to manage resource allocation and, in so doing, to exercise accountability and control effectively and efficiently.

These regulations, which set out the defining principles by which the financial administration of the University is to operate, have been approved by Council and, as such, require compliance by all sectors of the University community. All staff involved in financial administration within the University are required to acquaint themselves with, and implement the requirements of, the regulations and the underlying financial policies and procedures. By doing so, they will not only contribute to the attainment of sound corporate governance for the institution as a whole, but also serve to enhance public confidence in the University's capabilities in managing its financial affairs resourcefully and in the best interests of all its stakeholders.

Professor M W Makgoba
Vice-Chancellor and Principal

28 February 2005

DEFINITIONS

Audit and Risk Committee

The committee with delegated responsibility from Council for ensuring the adequacy of systems of internal control, for the management of all forms of risk, and for exercising an oversight function over the University's activities in compliance with prevailing legislation and regulations, both external and internal.

Budget Controller

Any person to whom control of the University budget or part thereof has been delegated.

Budget Holder

Any member of the Executive to whom any budget has been allocated in writing by the University.

Chief Finance Officer

The chief financial officer of the University.

College

A cluster of cognate Faculties in the academic sector.

Council

The governing body of the University with ultimate statutory responsibility for the financial and other affairs of the University.

Dean

The head of a faculty of the University who, as the designated "budget controller", has responsibility for the overall financial administration of the faculty and its constituent schools.

Department

For the purposes of these regulations, a department is regarded as the equivalent of a school in the academic sector, i.e. the smallest financial unit to which financial responsibility and accountability is devolved. "Department" includes also all affiliated centres, units, institutes, clubs and societies whose financial records are, by formal agreement, maintained within the University's Financial Accounting System. "Head of department" is to be construed accordingly.

Deputy Vice-Chancellor

A member of the University executive management with designated sectoral and functional responsibility in one of the following portfolios : (1) Administration and Corporate Governance; (2) Research, Knowledge Production and Partnerships; (3) Planning; (4), (5), (6) and (7), Academic, viz the respective heads of the four Colleges comprising the University's academic structure. (See *also definition of "Head of College" overleaf*).

Executive

Members of the University executive management, comprising the Vice-Chancellor and Principal; specified Deputy Vice-Chancellors and Pro Vice-Chancellors; the Chief Finance Officer; Executive Directors; Executive Dean of Students and the Registrar, all of whom are *de facto* budget holders.

Executive Dean of Students

The member of the University executive management with delegated responsibility and accountability for the management and financial administration of all student-related budgets and finances.

Executive Director

A member of the University executive management with delegated responsibility and accountability for the management and financial administration of one of the following portfolios : (1) Access; (2) Equity; (3) Organisational Culture; (4) Outreach; and (5) Public Affairs and Corporate Communications.

Finance Committee

The committee with delegated responsibility from Council for financial strategy, regulations, policies and procedures, financial accounting, management and control systems, and for the investment of funds.

DEFINITIONS (Continued)**Financial Regulations**

This term embraces all University financial policies and related procedures approved by the Finance Committee on behalf of the Council.

Fruitless and wasteful expenditure

Expenditure which was made in vain and which would have been avoided had reasonable care been exercised.

Head of College

A Deputy Vice-Chancellor and member of the University executive management with delegated responsibility for the academic leadership and financial administration of one of the following four Colleges : (1) Agriculture, Engineering and Science; (2) Health Sciences; (3) Humanities; and (4) Law and Management Studies.

Head of Department

The head of a school, support division or section with delegated responsibility for the financial administration and control of all cost centres comprising the respective department's budgets and/or grants, in consequence of which he/she will, for the purposes of the Financial Regulations, be referred to also as a budget controller. This term includes heads of all affiliated units, centres and institutes whose financial records are, by formal agreement, maintained within the University's Financial Accounting System (FAS).

Irregular Expenditure

Expenditure, other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with, the requirements of any applicable legislation or any University policy or procedure.

Resources Planning Committee (RPC)

The committee with overall responsibility on behalf of Council for the planning of the future academic, financial and infrastructural development of the University and for the oversight of University budgets and resource allocation issues, respectively.

Pro Vice-Chancellor

A member of the University executive management with designated functional responsibility on behalf of the Vice-Chancellor and Principal for portfolios determined from time to time by Council.

Purchasing Officer

The chief purchasing officer, or his/her delegated representative, with management responsibility for the University's Centralised Purchasing Service.

School

The primary academic unit of the University and the smallest financial unit to which financial and budgetary accountability and responsibility is devolved.

Unauthorised Expenditure

Overspending of the allocated budget or expenditure not in accordance with the purpose for which the budget was allocated.

Vice-Chancellor and Principal

The chief executive officer with overall responsibility for the management of the University.

STATUS AND SCOPE OF FINANCIAL REGULATIONS

This document sets out the University's financial regulations and serves as a practical guide to give effect to the University's commitment to the principles of sound corporate governance and to provide a framework for its policies relating to financial control. It was approved by the Council on *[date to be inserted, possibly 25 February 2005]* and incorporates the financial regulations and best practices of each of the two former Universities of Durban-Westville and Natal, which merged to become the University of KwaZulu-Natal with effect from 1 January 2004. It also contains components of prevailing legislation as they relate to higher education and other public institutions.

The financial regulations are applicable to all University departments as well as all affiliated units, centres, institutes, clubs and societies, whose financial records are, by formal agreement, maintained within the University's Financial Accounting System. Specific financial policies and procedures instituted under these regulations have been approved by the University's Finance Committee of Council.

All staff are required to comply with the financial regulations. A member of staff who fails to comply shall be subject to disciplinary action under the University's disciplinary policy. It is the responsibility of executive managers and all heads of departments to ensure that their staff are made aware of the existence and relevant content of the University's financial regulations and that levels of compliance are enforced in all instances.

The Finance Committee is responsible for reviewing the adequacy and effectiveness of the financial regulations. It will be advised in this regard by the executive management of the University. It is the responsibility of the Chief Finance Officer to monitor and ensure overall compliance with the University's financial regulations.

These regulations, together with the University's detailed financial policies and procedures, which set out precisely how the financial regulations are to be implemented, are accessible to all members of the University community electronically on the Innerweb. They are also available, on request from the Finance Division, in documented format.

Chief Finance Officer

28 February 2005

1. FINANCIAL CONTROL

1.1 UNIVERSITY COUNCIL

The University Council is responsible for the management and administration of the institution. Its financial responsibilities are to :

- ensure the solvency of the University;
- safeguard the institution's assets;
- ensure the effective and efficient use of resources;
- ensure that funds provided by the Department of Education and those received from other sources are used in accordance with the terms and conditions specified in the Higher Education Act (No. 101 of 1997), as amended and, in the case of specifically-funded activities, for the purposes for which the funds were designated;
- ensure that financial control systems are in place and are working effectively;
- approve the University's institutional operating (or strategic) plan;
- approve the institution's annual operating and capital budgets; and
- approve the University's statutory annual financial statements and the audit report thereon.

1.2 COMMITTEE STRUCTURE

The University Council has ultimate responsibility for the University's finances. The Council has established the committees detailed below to make recommendations, and to be accountable, to the University Council in respect of its financial responsibilities.

1.2.1 Finance Committee

The Finance Committee is responsible for developing, maintaining and monitoring the University's financial strategy and position, and for ensuring the adequacy of its financial accounting and control systems. In consultation with the Resource Planning Committee, the Finance Committee is responsible for the recommendation to Council of annual operating and capital budgets, including proposed sources of finance. It considers matters relevant to the financial duties of the University Council and makes recommendations accordingly. The committee also ensures that the University Council has sufficient information to enable it to discharge its fiduciary responsibilities. The terms of reference of the Finance Committee are set out in **Appendix A**. *[currently under revision]*.

1.2.2 Audit and Risk Committee

The Audit and Risk Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness throughout the University. The committee is independent, acts in an advisory capacity and reports to the University Council. It has the right of access to obtain all the information it considers necessary and to consult directly with the external auditors and with internal audit services. The terms of reference of the Audit and Risk Committee are set out in **Appendix B**. *[currently under revision]*.

1.2.3 Resources Planning Committee

Consideration of the University's medium- and long-term strategic plans, together with its annual and three-year rolling budgets, is undertaken by the Resources Planning Committee ("RPC"). It is responsible, *inter alia*, for ensuring that all financial implications of both capital development programmes and the annual operating budgets are taken into account before their referral for consideration by the Finance Committee and subsequent approval by Council. Together with the Finance Committee, the RPC holds responsibility for making recommendations to Council on the allocation of resources to strategic University activities, between the academic and support service sectors, and within the respective sectors and major sub-sectors. The terms of reference of RPC are set out in **Appendix C**. [*currently under revision*].

1.2.4 Resource Allocation Committees

The Resource Allocation Committees are responsible for the formulation, co-ordination and implementation of annual budgets and three-year rolling plans for their designated areas of responsibility, for overseeing the detailed allocation of budgets once approved by RPC, for monitoring income and expenditure against budgets, and for evaluating *ad hoc* requests for funding during the course of the budget year.

1.3 AUDIT REQUIREMENTS

1.3.1 General

The University's appointed external auditors and internal audit services have authority to:

- gain access to all University premises at reasonable times;
- access all assets, records, documents and correspondence relating to any financial and other transactions of the University;
- require and receive such explanations as are necessary concerning any matter under examination;
- require any employee of the University to account for cash, stores or any other University property under his/her control; and
- access records belonging to third parties, such as contractors, when required.

Whenever any matter arises which involves, or is thought to involve, irregularities or fraud concerning cash, stores or other property of the University, or any other suspected irregularity in the exercise of the activities of the University, the head of department concerned shall notify the Vice-Chancellor who will take such steps as he/she considers necessary by way of investigation and the involvement of internal audit services.

The Chief Finance Officer is responsible for drawing up a timetable for the preparation and completion of the University's annual financial statements and will advise staff and the external auditors accordingly.

Following consideration of the annual financial statements by the Finance Committee, the report of the external auditors thereon will be reviewed by the Audit Committee. On the recommendation of the Finance and Audit Committees, the financial statements will thereafter be submitted to the University Council for approval.

1.3.2 External Audit

The appointment of external auditors will take place annually and is the responsibility of the University Council. The Council will be advised in this respect by the Audit and Risk Committee.

The primary role of external audit is to report on the University's annual financial statements. To this end, the external auditors are required to carry out such auditing procedures, including an evaluation of the overall presentation of these statements, an examination of underlying records and an assessment of accounting principles and control systems, as are necessary to provide a reasonable basis for their opinion on the financial statements and to report thereon in terms of the Higher Education Act (No.101 of 1997), as amended, and the regulations framed thereunder. Their duties will be discharged in accordance with generally accepted auditing practice and prevailing statements of South African Auditing Standards.

1.3.3 Internal Audit Services

The head of internal audit services is appointed by the University Council on the recommendation of the Audit Committee.

The main responsibilities of the internal audit services are to provide the University Council, the Vice-Chancellor and senior management with assurances on the adequacy of internal control systems; and to carry out such enquiries and investigations as are required by the Vice-Chancellor.

The internal audit services remain independent both in planning and operation, and have direct access to the Council, the Vice-Chancellor and the Chairman of the Audit and Risk Committee.

The Charter and formal responsibilities of the University's internal audit services are detailed in **Appendix D**.

1.4 RESPONSIBILITIES FOR FINANCIAL ADMINISTRATION

1.4.1 Vice-Chancellor and Principal

The Vice-Chancellor and Principal is the University's designated chief executive/administrative officer and as such is responsible for the financial administration of the University's affairs. As the designated officer, the Vice-Chancellor and Principal may, on request, be required to justify any of the University's financial matters to the appropriate Minister.

1.4.2 Chief Finance Officer

The Chief Finance Officer is responsible for the effective functioning of the University's Finance Division and, as such, for all matters relating to the financial control and administration of the various funds and accounts of the University, its affiliated units, centres and institutes.

This entails:

- management of the sections dealing with salaries and benefits, creditors, debtors, student fees, student loans, cashiers, investments, cash management, loan debt management, insurance and risk management, stores and purchasing;
- ensuring adequate provision of financial information and accounting services for all academic and support services, and for all research, endowment and agency funds;
- the development and co-ordination of resource allocation, budgeting, and budgetary control procedures;

- the production of all annual (and other periodic) financial statements and reports required by the University Council, the Finance and Resource Planning Committees, executive management, the Department of Education and other external stakeholders, as applicable; and
- the development and maintenance of appropriate financial data analyses and statistics for planning.

1.4.3 Heads of Colleges, Deans, Heads of Divisions and Heads of Departments

Heads of Colleges, deans, heads of divisions and heads of departments (as defined) are responsible for ensuring that University financial policies and procedures are followed at all times. They do so in terms of delegated authority and accountability for financial management in their designated areas of responsibility and in their capacity as budget controllers.

Deans in the case of the academic sector and heads of support service divisions are responsible for overseeing the finalisation of the annual expenditure budgets for the faculties, or support service divisions as the case may be, under their control. They are accordingly responsible for the allocation of financial resources, the authorisation, monitoring and control of expenditure against approved budgets, the virement of operating budgets in specified circumstances (see 1.5.6 below) and for ensuring that both expended and unexpended budget allocations are properly accounted for (see 1.5.8 below).

Heads of School or, in the case of the support services sector, heads of department are responsible for the preparation of budgets and the control of all School or Division/Section expenditure, as applicable. Where responsibility for the management of financial resources is devolved by budget holders to Budget controllers and, in turn, to heads of school/department, the latter are accountable to their Deans / Heads of Division for the resultant budget preparation and budgetary control.

Whilst Heads of Schools are not expected to maintain day-to-day control of research grants awarded to individual staff members in their School, they have the duty to supervise such grants and are required to accept responsibility for managing the overall finances and grants to the School in accordance with all relevant University policies. Heads of School may therefore be required to put in place or maintain appropriately-designed internal systems of financial supervision so as to enable them to meet the responsibility entrusted to them by the University.

Heads of Schools and heads of support department are accountable for the movable fixed assets that are assigned or are on loan to the School or department, as the case may be. They are responsible for the maintenance and verification of the School / departmental fixed assets register.

1.5 BUDGETING

1.5.1 Financial Planning

The Chief Finance Officer is responsible for preparing, annually, a rolling three-year financial plan for approval by Council on the recommendation of the RPC and the Finance Committee. Financial plans should be consistent with the strategic plans approved by Council and in accordance with the requirements laid down by the Department of Education for the preparation of institutional plans.

1.5.2 Budget Preparation

The Chief Finance Officer is responsible for preparing, annually, consolidated University budgets, both operating (revenue) and capital, for consideration by the RPC and the Finance Committee before submission to Council. In the case of any proposed operating deficit or capital expenditure intended to be financed other than from current revenue sources, the relevant financing arrangements must be referred by RPC to, and be considered by, the Finance Committee prior to submission to Council. The Chief Finance Officer must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to all heads of departments with budgetary responsibility as soon as possible following their approval by Council.

During the year, the Chief Finance Officer is responsible for presenting revised budgets to the RPC, the Finance Committee and/or the Resource Allocation Committees, as appropriate, before submission to Council for approval. Additional financing implications, if any, must likewise be considered and approved by the Finance Committee prior to submission of the revised budgets to Council.

1.5.3 Resource Allocation

Resources are allocated annually by the University Council on the recommendation of the RPC and having regard to the financing implications thereof having first been considered and supported by the Finance Committee.

Executive budget holders, Deans, heads of Schools, and heads of support service divisions and departments are responsible for the effective and efficient use of resources allocated to them.

1.5.4 Capital Expenditure

The budget process must include the necessary provision for capital expenditure on land, buildings, furniture and equipment, and associated costs.

Proposed capital projects must be submitted for consideration and recommendation by the appropriate infrastructural planning and resource allocation committee in the first instance; thereafter, such proposals, suitably evaluated as set out below and summarised as appropriate, must be presented to the RPC for consideration in the context of the consolidated capital expenditure and, subsequently, to the Finance Committee for approval on behalf of Council. Each capital project proposal must be supported by :

- a statement which demonstrates the project's consistency with the strategic and infrastructural development plans approved by the University Council;
- an initial budget estimate, which should include a breakdown of costs, including professional fees, VAT and funding sources;
- a financial evaluation of the plans, together with their impact, if any, on the University's annual operating (revenue) budget and an indication of how it is proposed to finance the capital expenditure. Where applicable, advice on the impact of alternative plans should also be included;
- an investment appraisal in an approved format;
- a demonstration of compliance with laid-down tendering policy and procedures; and
- a cash flow forecast, if applicable.

Following completion of each capital project, a final report must be submitted to the appropriate working group recording actual expenditure against budget. Should it be necessary to do so, changes to funding provisions where budgetary variances have occurred, must likewise be approved, as required, in terms of these regulations.

1.5.5 Budgetary Control

Every budget holder and budget controller shall exercise reasonable skill and care to ensure that there is no fruitless and wasteful expenditure, irregular expenditure or unauthorised expenditure.

Heads of School/departments are responsible for expenditure relative to all budgets within their designated areas of responsibility. The control of expenditure within an agreed budget may be delegated by a budget holder to a designated budget controller, who must ensure that day-to-day monitoring of such budgets is undertaken effectively. The budget controller will be assisted in this duty by management information provided by the Finance Division.

Significant budgetary variances must be reported immediately to the head of School/department by the budget controller and, thereafter, to the designated Executive budget holder. Depending upon whether or not the budgetary variance would, in the opinion of the budget holder concerned, have an overall adverse effect on the particular sector budget in question, the matter should thereafter be referred to the Chief Finance Officer for advice.

The Chief Finance Officer is responsible for supplying budgetary reports on all aspects of the University's finances to RPC and for co-ordinating and consolidating budget variance analyses where such are necessary to inform revisions to the annual budget.

1.5.6 Virement

The designated budget controller may authorise the transfer of approved operating budgets between different expenditure categories (general ledger accounts) within the same cost centre account.

A budget holder, Dean or Head of Division, as applicable, is authorised to approve the virement of operating budgets between different cost centres within the same Sector, College, Faculty or Division for which he/she has overall budgetary responsibility.

No virement is permitted to and from staff compensation and equipment budgets unless, in exceptional circumstances only, and on due motivation by the budget controller, endorsed in each case by the relevant Dean/Head of Division, such is approved by the Deputy Vice-Chancellor (viz, the budget holder) with specific responsibility for the relevant sector budgets.

In all cases, such approval must be suitably evidenced in writing and brought to the attention of the Chief Finance Officer on a timely basis to enable the resultant virement to be duly processed in the University's budget records.

1.5.7 Commitments

In accordance with the requirements of South African Statements of Generally Accepted Accounting Practice ("GAAP"), the University accounts for expenditure on an accruals basis. All commitments in respect of which the related goods and/or services have been received prior to the financial year-end are brought to account accordingly. It follows that, for annual financial reporting purposes, any goods and/or services which have neither been received nor paid for and for which no liability exists at the financial year-end, will not be treated as commitments in the annual financial statements. Any orders which, at year-end, have been outstanding for more than three months will, unless specifically motivated to the contrary, (as contemplated, exceptionally, under 1.5.8 below), be reversed.

1.5.8 Treatment of Year-End Balances

The general policy of the University is that unexpended budget balances at year-end, excluding commitments initiated by way of orders placed during the last quarter of the year, are not, as a matter of course, carried forward to the ensuing budget cycle.

Unexpended budget balances that are represented in part or in whole by commitments in respect of orders placed during the final quarter of the year, but for which the related goods and/or services have not, at year-end, been received, will not be brought to account in the annual financial statements for that year. They will, however, be carried forward for budgetary purposes and reinstated as part of the relevant College's/Faculty's/Division's/department's budget in the following year.

In exceptional circumstances only, and on due motivation by the budget holder, unexpended balances may be carried forward to the following year. Each case must be endorsed by the head of department and approved both by the Dean/Head of Division as applicable, and also by the responsible Deputy Vice-Chancellor, (or, where so directed, by the relevant Resource Allocation Committee). In approving any such requests, due cognizance must be taken of the reasons why such unexpended budget balances were unexpended during a particular year, together with a reassessment of the need for the expenditure in the subsequent year.

1.6 ACCOUNTING POLICIES**1.6.1 Basis of Accounting**

The consolidated annual financial statements must be prepared in accordance and comply with South African Statements of Generally Accepted Accounting Practice ("GAAP"). They will be prepared on the historical cost basis of accounting, modified by the revaluation of certain marketable securities and assets acquired by donation. All income and expenditure must be brought to account on an accruals basis.

1.6.2 Format of the Annual Financial Statements

Consolidated financial statements will be prepared for the financial year ending, annually, on 31 December in the format required by the Department of Education and in accordance with the provisions of, and in the manner required by, Section 41 of the Higher Education Act (No.101 of 1997), as amended. The structure and detailed format of the annual report, incorporating the annual financial statements, are prescribed by the Reporting Manual issued by the Department of Education and are set out in the Regulations gazetted for this purpose by the Minister of Education.

1.7 FINANCIAL REPORTS

The Chief Finance Officer is responsible for preparing and submitting annual and other periodic financial statements and reports to the Department of Education and other agencies as required. He/she is also responsible for ensuring that all grants notified by the Department of Education and other bodies are received and accounted for appropriately.

1.8 ACCOUNTING RECORDS**1.8.1 Safeguarding of Accounting Records**

The Chief Finance Officer is responsible for the safekeeping of official and legal documents relating to the financial affairs of the University. These include signed copies of leases, agreements and contracts, as well as payroll records, creditors and debtors invoices, receipts, payment vouchers, bank statements and related documents. All such documents shall be held in an appropriately secure, fire resistant location and, where appropriate, copies thereof are to be held at a separate location

1.8.2 Retention of Documentation

The University is required by law to retain the following prime documents for a period of five years:

- Bank statements/vouchers;
- Cheques;
- Creditors invoices;
- Debtors invoices;
- Deposit slips; and
- all financial books of account (including cash books, journals and payroll records).

Additionally, for auditing, management reporting and other purposes, all other financial documents, including working papers, should be retained for a minimum of five years.

2. INCOME AND BANKING

2.1 GENERAL

The Chief Finance Officer is responsible for ensuring that appropriate systems, policies and procedures are in place to enable the University to receive all income to which it is entitled. All receipt forms, invoices, requisitions or other official financial documents in use must have the approval of the Chief Finance Officer.

The Chief Finance Officer is responsible for ensuring that:

- adequate arrangements are in place for the prompt collection, security and banking of all income;
- all subsidies, grants and donations received from the Department of Education and other bodies are banked promptly, intact and are appropriately recorded in the University's accounts;
- the basis and level of charges for contract research, services rendered, goods supplied and rents for hired facilities are determined in accordance with the policies and procedures approved by the Finance Committee and RPC, as appropriate; and
- all claims for monies due to the University, including research grants and contracts, are made by due date.

All remittances to the University must be made payable to the "University of KwaZulu-Natal" and must be addressed to the Chief Finance Officer and not to individual departments or members of staff. Any cheques received directly by members of staff should be paid immediately to the University cashiers. Copies of all relevant correspondence and documentation must accompany such payments.

2.2 APPOINTMENT OF BANKERS

The University Council is responsible for the appointment of the University's bankers on the recommendation of the Finance Committee. The appointment shall be reviewed from time to time.

2.3 BANKING ARRANGEMENTS

The Chief Finance Officer is responsible, on behalf of the Finance Committee, for liaising with the University's bankers in relation to the University's bank accounts, issuing cheques and for transferring funds. All cheques shall be ordered on the authority of the Chief Finance Officer, who shall make proper arrangements for their safe custody.

Only the Chief Finance Officer may open or close a bank account to deal with the University's funds. All bank accounts shall be in the name of the University of KwaZulu-Natal unless, exceptionally, an alternative arrangement is agreed to by the Chief Finance Officer. All cheques drawn on behalf of the University must be signed in terms of a mandate approved by the Finance Committee.

The Chief Finance Officer is responsible for ensuring that all bank accounts are subject to regular reconciliation and that all transactions are correctly and timeously accounted for.

2.4 CASH RECEIPTS

All monies which, of necessity, are received by departments from whatever source must be officially receipted by the department on a daily basis and must be paid to the University cashier (or banked as appropriate) at least on a weekly basis. No deductions may be made from any cash collected by a department on behalf of the University prior to it being paid in to the cashier or banked.

Custody of all cash holdings must comply with the provisions of the University's financial policies and procedures in this regard, and with the requirements of the University's insurers.

Personal or other cheques are not permitted to be cashed out of money received directly by departments.

2.5 COLLECTION OF DEBTS

The Chief Finance Officer is responsible for ensuring that :

- Student fees' statements or debtors' invoices are raised promptly in respect of income due to the University;
- Debtors are billed only on official University tax invoices;
- Outstanding student fees and loans are collected from students and/or former students, as applicable;
- Swift and effective action is taken to collect overdue debts in accordance with the University's formal procedures (detailed in the financial procedures);
- Outstanding students fees and loan debtors are monitored and reports thereon are prepared for the Finance Committee periodically; and
- Agreed credit arrangements, including the payment of fees by instalments, where applicable, are properly implemented and adhered to. Requests to write-off debts must be referred in writing to the Chief Finance Officer for submission to the Finance Committee for approval.

2.6 STUDENT FEES

The policies and procedures for the financial aspects of student registration and the payment of student fees are set out in the "Student Financial Services Policy" approved by the Finance Committee.

Any proposed changes to policy and/or procedures (whether interim or of an *ad hoc* nature) must in all cases be referred to the Chief Finance Officer.

2.7 GIFTS AND DONATIONS

The Chief Finance Officer is responsible for maintaining financial records in respect of gifts and donations made to the University and its affiliated bodies and for the issue of Section 18A donations certificates in terms of the Income Tax Act.

External organisations and other persons (including donors and sponsors) should be advised to address all remittances to the Director of Finance, made payable to the University of KwaZulu-Natal.

3. EXPENDITURE

3.1 GENERAL

The Chief Finance Officer is responsible for the issuing of purchase orders and for ensuring payment is made to suppliers of goods and services to the University. All suppliers must be paid through the Creditors Section in accordance with the payment terms specified in the Centralised Purchasing Policy or as negotiated by the Purchasing Officer.

3.2 AUTHORITIES

3.2.1 General

The principles and procedures under which requisitions, payments and related expenditure transactions are to be authorised are set down in the relevant policy document approved by the Finance Committee and incorporated in the Guideline booklet "Reimbursement of Expenses and Authorisation of Payments". In recognition of the University's trusteeship role, all funds received by the University must be administered and disbursed in terms of this policy.

All payments and requisitions must be authorised by designated signatories approved by the head of department.

3.2.2 Authorised Signatories

Budget holders and heads of departments shall in all cases be regarded *de facto* as authorised signatories for all funds (cost centres) falling under their control.

Heads of departments are responsible for the annual and/or periodic certification of authorised signatory lists.

Budget holders shall, as appropriate, be responsible for approving the lists of authorised signatories for Colleges/faculties/schools/Divisions/departments and sections, as applicable, falling under their control.

Members of staff who are authorised signatories may not authorise payment (reimbursement) claims where they are the claimant/payee.

3.2.3 Executive Authorisation Levels

Authority is granted by Council to designated members of the University's executive and senior financial management to approve, in consultation with the Chairperson of the Finance Committee where appropriate :

- Additional budget votes where funds in excess of those approved by the annual resource allocation process are required; and
- Bridging finance facilities for externally-funded core University programmes and activities, recognising in turn a distinction between : (1) facilities required for units and/or projects for which no underlying security is available or is contemplated; and (2) facilities required to provide finance for grants and contracts, formally evidenced by official, written agreements and which have been entered into by the University on a "cost reimbursable" basis. In effect, the two categories comprise "unsecured" and "secured" facilities, respectively.

The respective executive authorisation levels are set out in **Appendix E**.

3.2.4 Availability of Funds

Budget controllers and heads of departments are, in respect of cost centres for which they have mandated authority, responsible for ensuring that sufficient funds are available in the relevant cost centres to cover the full amount indicated on requisition / payment and other disbursement documents prior to approving the related order and/or expenditure.

3.2.5 Supporting Vouchers

All monies expended must be supported by vouchers attached to the relevant payment/reimbursement requisition form. The requirements of prevailing VAT legislation must be adhered to at all times.

3.3 PURCHASING

3.3.1 General

The use of the University's Centralised Purchasing Service by all departments of the University is mandatory, unless specific alternative arrangements have been agreed with the Purchasing Officer.

In accordance with the provisions of the University's Centralised Purchasing Policy and the related procedures, purchase orders for all goods and services may only be issued to suppliers by the Purchasing Officer.

Members of staff may approach potential suppliers to discuss their requirements or to obtain quotations, and may make recommendations for the use of alternative suppliers to the Purchasing Officer. They are not, however, authorised to order, or to personally pay for (except as provided in 3.3.2 below), goods or services on behalf of the University. The final decision regarding the choice of supplier and the terms and conditions of payment rests in all cases with the Purchasing Officer.

University purchase orders shall not be used for any personal or private purchases, nor shall personal or private use be made of University contracts.

All staff are required to observe the *Code of Purchasing Ethics* contained in the Centralised Purchasing policy document.

3.3.2 Minor Purchases

The Centralised Purchasing Policy recognises that there may occasionally be circumstances when items of a minor nature are required in the normal course of departmental activities and where the use of the usual purchasing facilities is impractical.

Departments are encouraged to make use of the University Stores and to consult the catalogue of items available. The Purchasing Officer should be consulted to ascertain whether specific departmental requirements can be supplied from the University Stores. Exceptionally, items of a minor nature not available through the Stores may be procured by staff members personally and the cost thereof claimed in terms of the Reimbursement of Expenses policy document (see 4.3 below). The Purchasing Officer should be approached for assistance and advice regarding accredited suppliers and the circumstances under which minor purchases may be made by members of staff.

3.4 PETTY CASH

Where it is not possible to make use of established University purchasing procedures or any of the alternative options, recourse should be made as a last resort to use of departmental petty cash floats, provided that individual transaction limits, as prescribed, are not exceeded and provided further that any such purchases are fully substantiated by relevant supporting documentation.

The Chief Finance Officer shall, in conjunction with the relevant heads of department, determine the levels of departmental petty cash floats which are considered necessary for the disbursement of petty cash expenses.

In order to retain a working balance pending receipt of amounts claimed, requisitions for reimbursement must be submitted on the prescribed form to the University cashiers, together with appropriate receipts or vouchers, before the total amounts held have been expended.

A member of staff granted a float is personally responsible for its safe-keeping. In compliance with the requirements of the University's insurers, the petty cash box must be kept locked in a secure place when not in use. It will be subject to periodic checks by the Cashier supervisor or other person nominated by the Chief Finance Officer.

At the end of each financial year, a certificate of the balance of petty cash held must be completed by the member of staff responsible for the float and counter-signed by the head of department and forwarded to the Chief Finance Officer.

3.5 TENDERING

Tenders for the provision of goods and services must be initiated, conducted and concluded in accordance with the University's prescribed tendering policy and procedures.

Where applicable, the use of contracts negotiated by the Tertiary Institutions Purchasing Consortium for the supply of goods and services is mandatory.

3.6 PAYMENT OF SUPPLIERS

The procedures for making all payments shall be in accordance with the Centralised Purchasing Policy.

Suppliers are required to submit invoices for goods or services directly to the Chief Finance Officer.

Invoices, which do not quote a valid University Purchase Order number, will be returned unpaid.

Goods Received Vouchers (GRVs) must be certified for payment within five working days of receipt by the appropriate head of department or budget holder to ensure the timely payment of suppliers in accordance with the relevant payment terms specified in the Centralised Purchasing Policy, or as otherwise negotiated by the Purchasing Officer.

3.7 CONTRACTS AND PROJECT MANAGEMENT

Building contracts and major capital projects are the responsibility of RPC, which may delegate this responsibility to an appropriate infrastructural planning and/or project sub-committee. Projects are administered on each campus by appointed expert working groups under the chairmanship of the respective Directors of Administration.

Proposals in respect of new developments, refurbishments, general improvement schemes and space planning, or in response to requests from departments will be prepared for submission and evaluation, as required, by the Director of Built Environment.

Consultants will be appointed under the authority of the working groups. Appointments of project consultants will be subject to tendering and other procedures where appropriate. The Purchasing Officer is, in accordance with the University's tendering policy, responsible for determining whether or not specific contract and project appointments are to be subject to tender. All contracts will be entered into on the basis of ensuring best value for money.

4. SALARIES AND BENEFITS

4.1 GENERAL

The Chief Finance Officer is responsible for salary and benefit payments to all staff, including payments for overtime. All relevant documentation will be in a form prescribed or approved by the Chief Finance Officer in consultation with the Director of Human Resources.

All permanent University staff will be appointed to the salary scales approved by the University Council, including such allowances and benefits as are applicable to the respective employment contracts. All such appointments will be in accordance with appropriate conditions of service approved by the University. All letters of appointment must be issued by the Human Resources Division.

The Director of Human Resources will be responsible for keeping the Chief Finance Officer informed of all matters relating to personnel for payroll purposes. In particular, these include :

- appointments, resignations, dismissals, secondments and transfers;
- absences from duty for sickness or other reason;
- changes in remuneration other than normal increments and pay awards; and
- information necessary to maintain records of service for retirement benefits, income tax, medical aid, approved leave, etc.

The Chief Finance Officer is responsible for ensuring the adequacy of records maintained and procedures in place to give effect to payments to independent contractors in respect of service contracts and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

The Chief Finance Officer shall be responsible for keeping all records relating to the University payroll, including those of a statutory nature.

All remuneration payments must be made in accordance with the University's payroll financial procedures and must comply with the SA Revenue Service (SARS) regulations.

4.2 RETIREMENT AND MEDICAL AID

The University Council is responsible for undertaking the role of employer in relation to appropriate retirement and medical aid provisions for employees. The Chief Finance Officer is responsible for the payment of prescribed contributions to the appropriate Retirement/Pension Funds and Medical Aid Schemes.

4.3 TRAVEL, SUBSISTENCE AND OTHER REIMBURSIVE EXPENSES

The principles and procedures relating to the reimbursement of expenses incurred by members of staff are set out in the Policy document approved by the Finance Committee and are incorporated in the guideline booklet "Reimbursement of Expenses and Authorisation of Payments".

The University will reimburse members of staff for the costs of travelling, subsistence and minor purchases (as defined), which are incurred wholly, exclusively and necessarily in relation to the performance of their duties.

Reimbursement of expenses will be made only on the production of all relevant supporting documentation. Claims must be completed and authorised strictly in accordance with the provisions of the "Authorisation of Payments" policy.

5. ASSETS AND INVESTMENTS

5.1 FIXED ASSETS

Fixed Assets (referred to also as property, plant and equipment) comprise all long-term properties, both immovable and movable, that are owned by the University, or are in its custody by way of loan, hire, or other specific agreement.

5.1.1 Immovable Assets

The purchase of land and buildings is subject to the authority of the University Council. In terms of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended, the University may only embark on the construction, purchase or long-term lease of immovable property with a resolution of Council. Any action contemplated in this respect must, in addition, be approved by the Minister of Education if the value of such development exceeds five percent (5%) of the average income of the University during the two years immediately preceding such action. The disposal or any other form of alienation of such immovable property is also subject to the prior approval of the Minister of Education.

Only persons designated by a resolution of the University Council are authorised to enter into and sign contracts for the lease or rental of immovable property.

The Chief Finance Officer is responsible for the maintenance of the University's register of land, buildings, fixed plant and equipment.

5.1.2 Movable Assets

In terms of the University's Fixed Assets policy, approved by the Finance Committee, heads of department are responsible for assets under their control, and are required on an annual basis : (a) to ensure the verification of furniture, equipment and other movable assets against the Assets Register; and (b) to review, update and certify all asset replacement values for insurance purposes.

5.1.3 Disposal of Movable Assets

The disposal of furniture, equipment and other movable assets must be carried out in accordance with the procedures contained in the University's Fixed Assets Policy.

All movable assets identified as redundant or obsolete must in the first instance be referred for evaluation to either the relevant Campus Buildings Section (furniture), the Purchasing Officer (non-computer equipment), or the Information and Communication Technology Division (computers, telephones and related equipment). Items considered to be unfit for re-use/re-allocation will be disposed of and written off.

The proceeds of sales arising from the disposal of movable assets will, in all cases, be credited to the University "Sale of Assets" account.

5.1.4 Privately-owned Equipment

All privately-owned equipment and other movable assets housed in University departments must be appropriately marked to enable easy identification. The Chief Finance Officer must be advised of such equipment in order for it to qualify for cover under the University's insurance policy.

5.2 STOCKS AND STORES

5.2.1 Stock Control : General

Heads of departments are responsible for establishing adequate arrangements for the custody and control of stocks and stores held within their departments. The systems used for stores accounting in departments must have the approval of the Chief Finance Officer.

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5.2.2 Stock Checks and Security Measures

Heads of departments are responsible for ensuring that at least annual inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security measures and checks.

5.2.3 Valuation of Stock for Year-end Reporting Purposes

The Chief Finance Officer will determine which stocks require valuation for inclusion in the University Balance Sheet, and will advise heads of department and the external auditors accordingly.

5.2.4 Stock-taking Procedures

Stock-taking procedures and the results thereof must have the prior and subsequent approval of the Chief Finance Officer.

5.3 TREASURY MANAGEMENT (Investments and Borrowings)

The Finance Committee is responsible for approving a treasury management statement, which prescribes a strategy and policies for cash management, medium- and long-term investments and borrowings, respectively. The Finance Committee has a responsibility to ensure the implementation, monitoring and ongoing review of such policies.

All decisions concerning borrowings, investments or financing (within policy parameters) shall be executed by the Chief Finance Officer and be subject to an appropriate reporting system.

All borrowings shall be undertaken in the name of the University and shall conform to relevant statutory requirements.

The Chief Finance Officer and his/her staff are required to act in accordance with recognised statements of best practice and to exercise due care in the management of the University's investments and borrowings.

The Chief Finance Officer will report to the Finance Committee quarterly on the operational activities and status of the Treasury Management function in terms of the powers delegated to him/her. Likewise, the Chief Finance Officer will apprise the Finance Committee of the status of the University's borrowings on a regular basis.

6. RESEARCH GRANTS AND CONTRACTS

6.1 GENERAL

The term "Research Grant" is restricted to research projects funded by the statutory funding bodies (eg. National Research Foundation – NRF), registered charities and foundations, both local and international. All other externally-financed research projects are classified as "Research Contracts".

Where approaches are to be made to outside bodies for support for research projects, or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the relevant Head of School to ensure that the financial implications have been fully appraised by the University Research Grants and Contracts Office and/or the Chief Finance Officer, as appropriate.

All research grants and contracts must be signed on behalf of the University by the Deputy Vice-Chancellor (Research) or the Director of Research within their respective limits of authority, as determined from time to time by Council.

The Chief Finance Officer shall ensure the maintenance of all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by due date.

Each grant or contract will have a nominated supervisor/grant holder and will be assigned to a specific (account) cost centre and be subject to the overall control – whether delegated or not – of the relevant grant holder's Head of School.

Control of research-related staff compensation and other expenditure will be maintained within the relevant cost centre. The Head of School may delegate day-to-day control of the cost centre to the supervisor/grant holder, who will be required to ensure that the operation of the cost centre remains within approved budget or grant. Notwithstanding any such delegation, the Head will, however, retain responsibility for any over-expenditure, which will become a charge against School funds unless approved to the contrary by the Deputy Vice-Chancellor (Research) and the appropriate Dean.

6.2 COSTING AND PRICING

6.2.1 General

All research grants and contracts must be formulated and concluded in accordance with the provisions of the University's Income Generation Policy relating to the "Costing and Pricing of Externally Funded Research Grants and Contracts".

The policy is designed to ensure that the University secures an adequate return on its investment of academic expertise and the recovery of both direct and indirect overhead costs of infrastructural support services.

Research agreements should be entered into only in the knowledge of the full economic costs of undertaking such work, and the University must, as far as possible, avoid subsidising commissioned research and other services from its own resources.

6.2.2 Costing

The budgeted costs of all research programmes must be calculated accurately to arrive at the full cost, taking into account all direct costs together with a realistic assessment of all relevant institutional support (indirect) costs. The costs of all time to be spent on a given project by establishment academic staff (attributable cost), and of staff (academic and support) specifically contracted for the project (marginal cost), must be included in full.

In establishing the full cost of a research project, it is necessary to include an appropriate overhead recovery charge. Overhead recovery rates are determined and set out in analyses undertaken by the Grants and Contracts Office in terms of a model based on the relationship between identified support services, the academic teaching and research staffing resources, respectively.

6.2.3 Pricing

The price quoted to sponsors for short-term applied research must at least cover the full cost of the project. The University must not, as a general rule, subsidise commissioned work of immediate commercial value to the sponsor.

The contract price may, exceptionally, be set at a rate lower than the full cost if this is considered by the Deputy Vice-Chancellor (Research) or the Director of Research to be in the interests of, the University. Contract pricing variations must be executively approved by the Deputy Vice-Chancellor (Research) or the Director of Research.

6.3 PRIVATE REMUNERATIVE WORK

The University recognises that it is important to encourage initiative and entrepreneurship and therefore permits, with due consideration to the interests of all parties, members of staff to supplement their income by engaging in income-generating activities in the fields of teaching, commissioned research, consultancies and other forms of private work (whether remunerative in nature or not).

“Private remunerative work” is defined as work which is explicitly undertaken in a private capacity in terms of a personal contract or agreement with a third party, whereby the proceeds thereof accrue to the member of staff as taxable income. Where applicable, the prior approval of the appropriate authority is required to undertake private work, subject to the deduction / recovery of the actual cost of any University/School facilities used.

The terms and conditions under which members of staff may be authorised to undertake “private remunerative work” are set down in the University’s Conditions of Service and in the appropriate Income Generation Policy.

Members of staff undertaking work in a private capacity are required to accept full responsibility for the due performance of the respective contracts and for other related matters such as professional indemnity insurance.

6.4 PRIVATE CONSULTANCY FUNDS

6.4.1 General

The University’s position with regard to Private Consultancy Funds is set out in the appropriate section of the Income Generation Policy document.

The use or publication of the University’s name, its address, telephone or fax numbers, in relation to the operation of personal or private consultancies or other business activities, is expressly prohibited.

6.4.2 Taxation Status

Members of staff are personally liable for the payment of tax on all income derived from private consultancy work, irrespective of how such funds are subsequently transacted.

Liability for the payment of income tax cannot be avoided by the staff member paying private consultancy funds directly into a research code, or by arranging for any amount awarded for services rendered to be paid directly to the University for crediting to a research code, or by having such earnings otherwise donated to the University.

Where it is the intention of a staff member for the funds generated by consultancy to be wholly applied to research and scholarship within the University, such consultancy must be effected through, and in the name of the University, in order that there will be no personal liability for income tax on the part of the individual staff member concerned.

In terms of VAT legislation, the University is precluded from issuing invoices on behalf of staff members for services rendered directly to third parties in their private capacity.

6.4.3 Financial Controls

The disbursement of all private consultancy funds held in University accounts is subject to independent authorisation by the relevant staff member's Head of School, and to the same financial controls, policies and procedures as funds from other sources, as provided for in the Authorisation of Payments policy document.

All equipment and other movable assets which are purchased from private consultancy funds which have been donated to and are held within the University, are deemed to be the property of the University.

6.5 INTELLECTUAL PROPERTY RIGHTS

6.5.1 General

Certain activities undertaken within the University, including research and consultancies, may give rise to ideas, designs and inventions, which may be commercially exploitable and patentable. These are collectively known as intellectual property.

6.5.2 Rights of Ownership

The ownership and exploitation of Intellectual Property shall be strictly in accordance with the policies and procedures approved by the University Council and administered on its behalf by the Research Office.

7. OTHER MATTERS

7.1 RISK MANAGEMENT AND INSURANCE

The Chief Finance Officer, in consultation with the University's appointed insurance brokers, is responsible for developing and maintaining a risk management strategy which will serve to identify and evaluate the risks facing the University and the types of protection required to cover such risks.

The risk management strategy and recommended insurance portfolio must be considered and approved by the Finance Committee on an annual basis.

The Chief Finance Officer is responsible for effecting insurance cover as determined by the Finance Committee and for the day-to-day management of the insurance portfolio, including claims assessment and administration. The Chief Finance Officer will keep a register of all insurances effected by the University and of the property and risks covered.

Heads of departments must ensure that any agreements negotiated by their departments with external bodies address any legal liabilities to which the University may be exposed. The advice of the Chief Finance Officer, Legal Advisor and/or the Research Office should be sought, as appropriate.

Heads of departments must give prompt notification to the Chief Finance Officer of any potential new risks, which may require insurance, and of any alterations or operational changes affecting existing risks.

Heads of departments must advise the Chief Finance Officer immediately of any event, which may give rise to an insurance claim. The Chief Finance Officer will notify the insurance broker and, where appropriate, arrange for an insurance assessor to be appointed, and prepare a claim in conjunction with the head of department for transmission to the insurers.

7.2 TAXATION

The Chief Finance Officer is responsible for advising heads of departments on all taxation issues as they affect the activities of the University, and for ensuring compliance with the provisions of prevailing legislation with regard to employees tax (PAYE), Value Added Tax (VAT) and import duty.

The Chief Finance Officer is responsible for discharging the University's statutory obligations, namely maintaining the University's tax records, making all tax payments, and submitting all required tax returns and reconciliations by due date.

7.3 ENDOWMENT AND OTHER TRUST FUNDS

The Chief Finance Officer is responsible for maintaining a record of the requirements of each endowment fund and bequest, and for advising the Finance Committee on the control and investment of such funds.

The Finance Committee is responsible for ensuring that all endowment and similar funds are operated in accordance with any relevant legislation and the specific requirements of each fund or trust, as the case may be.