Financial Authority Limits

Approved by Council on 10 June 2013

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Financial Authority Limits

1. Purpose Statement

The University has a responsibility to ensure that financial transactions entered into are authorized. One such mechanism to facilitate this process is to have a financial authority limits. These derive largely from the Financial Regulations and the University Statute.

2. Fiduciary Duties of the Executive Management Committee ("EMC")

- Always act in the *best interests of the University, which means*: *that the foundation of each decision made by the EMC and its members should be intellectually honest and based on all the relevant facts, taking into account the legitimate expectations of its Stakeholders* (King III).

- Exercise care, skill and diligence in every decision taken by the EMC.

- The other fiduciary duties of the EMC include, inter alias:

    - all conflicts of interest should be avoided and declared;
    - must have the knowledge and skills required for governing a University effectively and this competence should be continually developed;
    - they must exercise the duty of utmost care to ensure reasonable protection of the assets and records of the University;
    - act with fidelity, honesty and integrity in managing the University's financial affairs;
    - report transparently on the financial affairs of the University to prevent any prejudice to the financial interests of the University;
    - no person shall use the position or privileges of their position, or confidential information obtained by virtue of their position for personal gain or to improperly benefit another person;

3. Rules relating to the exercise of delegated authority

3.1 Unless the Schedule specifically authorizes this, an authority may not further delegate his/her authority.

3.2 An authority must ensure that:

- The power is exercised within the scope of the delegated authority
- The power is exercised in accordance with the University policies and statutory requirements, and that due process has been followed
- The direct and indirect financial consequences of his or her decision are covered by an approved budget (authority to act does not confer authority to make a new budgetary appropriation, or create an entitlement to space),
- There is no conflict of interest (if the authority is conflicted, he/she must decline to exercise the authority delegated to him/her).

3.3 Monetary/time limits refer to the total amount/duration of the contract save where it is indicated, include VAT. A single contract may not be split into separate contracts to avoid the limitation imposed by any limit.

3.4 Where the authority is away from office:

- and a person has been appointed in writing, to act in the position for the period of absence, the person so appointed to act may exercise the delegated authority vested in that position, or
- if a person has not been appointed to act, the authority's line manager is deemed to have the authority

3.5 All authorities are subject to the following:

- All expenditure is subject to the availability of budget, and the budget holder remains accountable for the financial results of the unit
- A person may not exercise delegated authority, in favour of him or herself or where a conflict of interest arises

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Appendix A

Specific Delegations

1. General Financial Matters

Transaction/Activity	POWER VESTED IN	DELEGATED TO	NEXT DELEGATION	NEXT DELEGATION	NEXT DELEGATION
Raising of loans by the University	Council				
Loans made to other entities (including UKZN affiliated entities)	Council				
Procurement of immovable assets (land and or buildings)	Council				
Budget Approval	Council				
Establishment of University Companies	Council				
Investments in Equity, Bonds, Property, etc	Council	Finance Committee			
Appointment of bankers	Council	Finance Committee			
Appointment of auditors	Council	Audit & Risk Committee			
Approval of Tuition and Residence Fees rates	Council	Finance Committee			
Sale of immovable assets	Council	Finance Committee Market Value (X >R350 000)	VC:CFO Market Value (X < R350 000)		
Approval of bridging Finance	Council	Finance Committee	VC/CFO	CFO / DF	DF / FM
Investments in call accounts, at the big five banks	Council	Finance Committee (Use of < 5 banks)	VC:CFO	DF	
Fixed assets write-offs Disposal of movable assets Donations of movable assets	Council	Finance Committee (X> NBV R350 000)	CFO for NBV (R350 000 < X < R100 000)	DVCs for (NBV X < R100 000)	DF and FM

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Transaction/Activity	POWER VESTED IN	DELEGATED TO	NEXT DELEGATION	NEXT DELEGATION	NEXT DELEGATION
Bank accounts: Opening and closing thereof, and any other instructions to the banks	Council	VC	CFO or Registrar		
Donations of immovable assets	Council	Finance Committee			
Capital Expenditure (excluding immovable property)	Council	VC	EMC		
Virements: approval of virement of operating budgets between different cost centres within the same College (in accordance with the Financial Regulations)	Council	VC	EMC members or CFO in the absence of an EMC member		
Write –off of an individual debtor (other than staff debtors)	Council	VC	CFO (X > R375 000)	DF College Finance Managers (X < R375 000)	
Write- off of staff debtors	Council	VC	CFO/ HR Executive Director		
Strategic Finance Policies (Investments, Debt Management)	Council				
Operational policies	Council	Finance Committee			
Finance Procedures	Council	Finance Committee	EMC		
Budget utilization	Council	VC	EMC member	Levels not lower than level 7.	
Credit notes	Council	VC	CFO (X > R350 000)	DF College Finance Managers (X < R350 000)	

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2. General Delegations

Transaction/Activity	POWER VESTED IN	DELEGATED TO	NEXT DELEGATION	NEXT DELEGATION	NEXT DELEGATION
The University must ensure that it has an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective;	Council	VC	CFO		
The University must take effective and appropriate steps to prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the University	Council	VC	Executive Directors DVCs		
The University must ensure that that there is effective, efficient and transparent systems of financial and risk management and internal control;	Council	EMC			
The University must manage available working capital efficiently and economically;	Council	VC	CFO	Director: Corporate Financial Services	
The University must comply with any tax, levy, duty, pension and audit commitments as required by legislation;	Council	VC	Executive Director HR CFO DVCs	Director: Corporate Financial Services	

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Transaction/Activity	POWER VESTED IN	DELEGATED TO	NEXT DELEGATION	NEXT DELEGATION	NEXT DELEGATION
The University must take effective and appropriate steps to collect all revenue due to the university	Council	VC	DVCs Executive Directors		
The University must ensure that it has a system of internal audit under the control and direction of an audit committee	Council	VC	CFO		

3. Annual Report and Financial Statements

Transaction/Activity	POWER VESTED IN	DELEGATED TO	NEXT DELEGATION	NEXT DELEGATION	NEXT DELEGATION
The University must keep full and proper records of the financial affairs of the university;	Council	VC	EMC		
The annual report in line with Council and Auditor General requirements	Council	VC	Registrar /CFO		
The University must prepare financial statements for each financial year in accordance with appropriate accounting standards	Council	VC	CFO		

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4. Supply Chain Management

Transaction/Activity	POWER VESTED IN	DELEGATED TO	NEXT DELEGATION	NEXT DELEGATION	NEXT DELEGATION
UKZN Supply Chain Management Policy	Council	VC	CFO		
Tender Procurement Specification, Evaluation and Adjudication Committees	Council	VC	**Procurement Committees:** Bid Specification Committee/ and Bid Evaluation Committee Bid Adjudication Committee		
Procurement Contract Management	Council	VC	Registrar CFO		
Deviation from Tender Procedures should be recorded.	Council	Finance Committee (X > R7m)	VC: CFO (R7m > X > R3.75m) DVCs & Executive Directors (R3.75m > X > R1 000 000)	College Director: Professional Services or College Financial Managers (R1 000 000 > X > R500 000)	
Reasons for a single-source selection should be recorded.	Council	VC:CFO X (including VAT) > R3,75m	Executive Directors and DVCs (R3,75m > X >R1 000 000)	College Director: Professional Services; College Financial Manager X < R1 000 000)	
Tender awards (Portfolio Specific)	Council	Finance Committee (X > R37,5m)	EMC (R37,5m < X < R3,75m)	College: Professional Services Director, College Financial Manager, Procurement	

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Transaction/Activity	POWER VESTED IN	DELEGATED TO	NEXT DELEGATION	NEXT DELEGATION	NEXT DELEGATION
				Manager (Central); Director: Planning and Operations, Budget Controller (EMC member) (X < R3.75m)	
Purchase orders	Council	VC	EMC member	Deans, Directors	Managers

(NBV) = Net Book Value
(VC) = Vice Chancellor
(CFO) = Chief Finance Officer
(DVC) = Deputy Vice Chancellor
(DF) = Director : Corporate Financial Services