“It is the responsibility of the council to ensure that the institution is well managed. However, it is not the function of the council to ‘micro-manage’ the institutions by involving itself in the day-to-day running of the institution. Sometimes the lines between policy and management are blurred, and councils often need to exercise considerable self-restraint to avoid inappropriate intrusion on management.” – (Ncayiyana & Hayward, 2000:17).

5.1 INTRODUCTION

The previous two chapters focussed on governance in institutions of higher education in general, providing the necessary statutory and Government perspectives. The purpose of this chapter is to narrow the focus to investigate financial governance and controls that are in place at the RAU and to paint a picture of the finances of the RAU.

The chapter will also include a critical analysis of the presence and suitability of the governance structures and controls that are in place at the RAU as at 1 January 2002 by using the IFAC checklist for governing bodies that was referred to in paragraph 4.5.5.

This chapter will thereafter conclude with a description of the historical procurement problems faced by the institution and a short description of the process leading up to the final documents presented in Part B of this thesis.

5.2 OVERALL FINANCIAL RESPONSIBILITY

The overall responsibility for the finances of the RAU is set out in the statute of the RAU that
was documented in paragraph 3.5 of this thesis as:

- The rector is responsible for the daily management, general supervision and control of the RAU;
- Council has the responsibility for the strategic management and financial management of the RAU;
- Council is responsible for keeping accounting records of the assets, liabilities, income, expenditure and other financial transactions of the RAU and its substructures;
- Council must submit reports as set out in section 41 (2) of the Higher Education Act as discussed in paragraph 3.3;
- The management committee controls, manages and administers the RAU from day to day; and
- A Board of Trustees handles trust funds and the investment thereof.

These issues mirror the view of educationalists that financial responsibility and accountability is a major function of council (Ncayiyana & Hayward, 2000:19).

At this time it is important to take note of the distinction between the responsibility for and execution (or discharging of the responsibility) of the day-to-day management and the strategic management of the RAU.

Although council is responsible for strategic management and financial management of the RAU, the body has refrained from being prescriptive or directly discharging these responsibilities. Rather, council has allowed the management committee to propose strategic positioning and re-positioning plans for the university. Indeed, it has not been necessary for council to impose any strategic management plan on the management committee as the management committee has generally acted pro-actively in the conduct of the business of the RAU and successfully so. In other words, although council is responsible for strategic management and financial management, the execution (and to a large extent the planning thereof) in respect of strategic management and financial management has been discharged to the rector and management committee.

At the same time, although the day to day management of the university is the responsibility of the rector, the execution thereof is in the hands of the management committee with regular
reporting to council and regular consultation between the management committee and council although the latter two acts are not statutory requirements.

Any measurement or opinion on governance at the RAU should therefore not focus on council alone, but on council and the management committee together as the governing body of the RAU.

5.3 MEASURING GOOD GOVERNANCE AT RAU

In order to present a picture of the extent to which good governance is in place, the methodology that will be adopted is to complete the IFAC document entitled “Good governance: a checklist for governing bodies” (IFAC, 2000) for the RAU. The results are set out below in Table 5.1. As the IFAC checklist focuses on the governing body of an institution is must be made clear that the council of RAU and the management committee will be combined in this respect. The checklist will be completed for the state of affairs as at 1 January 2002. A column has been added for notes, the detail of which will be provided below the table.

<table>
<thead>
<tr>
<th>ORGANIZATIONAL STRUCTURES AND PROCESSES</th>
<th>YES</th>
<th>NO</th>
<th>NOTE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>STATUTORY ACCOUNTABILITY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Has the governing body established effective arrangements to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice?</td>
<td>×</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACCOUNTABILITY FOR PUBLIC MONEY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Has the governing body established appropriate arrangements to ensure that public funds are:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Properly safeguarded?</td>
<td>×</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Used economically, efficiently, effectively and appropriately?</td>
<td>×</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>YES</td>
<td>NO</td>
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<td></td>
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<tr>
<td>3</td>
<td>Has the governing body established:</td>
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<td></td>
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<tr>
<td></td>
<td>- Clear channels of communication with the body’s stakeholders?</td>
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<td></td>
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<tr>
<td></td>
<td>- Appropriate processes to ensure that such channels operate effectively in practice?</td>
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<tr>
<td>4</td>
<td>Has the governing body made an explicit commitment to openness and transparency in all the activities of the entity?</td>
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<td>5</td>
<td>Does the governing body:</td>
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<tr>
<td></td>
<td>- Report publicly the processes for making appointments to the governing body?</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>- Make publicly available the names of all governing body members, together with their relevant other interests?</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>6</td>
<td>Is there a clearly defined division of responsibilities at the head of the body?</td>
<td></td>
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<tr>
<td></td>
<td></td>
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<tr>
<td>7</td>
<td>Does the governing body:</td>
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<td></td>
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<td></td>
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<tr>
<td></td>
<td>- Meet regularly?</td>
<td></td>
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<td></td>
<td>- Effectively lead and exercise control over the entity?</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.1</td>
<td>Has the governing body established a framework of strategic control (or scheme of delegated or reserved powers)?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.2</td>
<td>Does the framework of strategic control include a formal schedule of those matters specifically reserved for the collective decision of the governing body?</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.3</td>
<td>Does the governing body keep the framework of strategic control up-to-date?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Questions</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>---</td>
<td>---------------------------------------------------------------------------</td>
<td>-----</td>
<td>----</td>
</tr>
<tr>
<td>9.1</td>
<td>Has the governing body established, clearly documented and understood management processes for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Policy development, implementation and review?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Decision-making, monitoring, control and reporting?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>9.2</td>
<td>Has the governing body established formal procedural and financial regulations to govern the conduct of its business?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>9.3</td>
<td>Do newly appointed members of the governing body receive induction training on the first occasion of appointment of the governing body, and subsequently as necessary?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Has the governing body established appropriate arrangements to ensure that it has access to all such relevant information, advice and resources as is necessary to enable it to carry out its role effectively?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>11.1</td>
<td>Where the body is responsible for naming appointments to the governing body, has it established a formal process to ensure that such appointments are made:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• In accordance with specified criteria</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• On the basis of merit and the individual’s ability to carry out a defined role within the organization?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>11.2</td>
<td>Where the body is responsible for making appointments to the governing body, are such appointments dealt with by the governing body as a whole?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Is the role of the chairperson formally defined in writing?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>13.1</td>
<td>Are non-executive governing body members:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Independent of management?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Free from other relationships that may materially interfere with exercising an independent judgement on issues of strategy, performance, resources and standards of conduct?</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
## Part A

**Chapter 5 – Financial governance and control at the RAU**

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>NOTE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.2</td>
<td>Are the duties, terms of office, remuneration and the review thereof, of non-executive governing body members defined clearly?</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Where the body is responsible for making appointments of non-executives to the governing body:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Are appointments for a fixed term?</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Are reappointments subject to a formal appraisal process?</td>
<td>✗</td>
<td>☰</td>
</tr>
<tr>
<td>15.1</td>
<td>Does the Chief Executive have line responsibility for all aspects of executive management?</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>15.2</td>
<td>Is he or she accountable to the governing body for the ultimate performance of the entity and implementation of the governing body’s policies?</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Has the governing body made a senior executive responsible for ensuring that appropriate advice is given to it on all financial matters?</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Has the governing body made a senior executive responsible for ensuring that governing body procedures are followed and that all applicable statutes and regulations, and other relevant statements of best practice are complied with?</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>18.1</td>
<td>Has the governing body established a remuneration committee to make recommendation on the remuneration of top executives?</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>18.2</td>
<td>Does the annual report of the governing body contain a statement on the remuneration policy and details of the remuneration of the members of the governing body?</td>
<td>✗</td>
<td>☰</td>
</tr>
</tbody>
</table>

### REPORTING AND INTERNAL CONTROL

#### ANNUAL REPORTING

| 19 | Does the governing body publish on a timely basis an objective, balanced and understandable annual report? | ✗ |  |
|   | 135 | Part A  
|   | Chapter 5 – Financial governance and control at the RAU |
|---|---|---|
| 20 | Does the annual report contain a statement explaining the responsibilities of the governing body? | ✗ |
| 21 | Does the governing body include in its annual report a statement confirming that it has complied with relevant standards or codes of corporate governance? | ✗ |
| 22 | Does the governing body ensure that financial statements comply with a recognized set of accounting standards? | ✗ |
| PERFORMANCE MEASURES |   |   |
| 23 | Does the governing body institute and report performance measures? | ✗ |
| EXTERNAL AUDIT |   |   |
| 24 | Has the governing body taken steps to ensure that an objective and professional relationship is maintained with the external auditors? | ✗ |
| INTERNAL CONTROL |   |   |
| 25.1 | Has the governing body taken steps to ensure that an effective framework of internal control: |   |
|   | • Is established? | ✗ |
|   | • Operates in practice? | ✗ |
| 25.2 | Does the governing body include in its annual report a statement on the effectiveness of the body’s framework of internal control? | ✗ |
| RISK MANAGEMENT |   |   |
| 26 | Has the governing body taken steps to ensure that effective systems of risk management are established as part of the framework of internal control? | ✗ |
| INTERNAL AUDIT |   |   |
| 27 | Has the governing body taken steps to ensure that an effective internal audit function is established as part of the framework of internal control? | ✗ |
### Part A

**Chapter 5 – Financial governance and control at the RAU**

<table>
<thead>
<tr>
<th>AUDIT COMMITTEES</th>
<th>YES</th>
<th>NO</th>
<th>NOTE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>28 Has the governing body established an audit committee with responsibility for the independent review of the framework of internal control and of the external audit process?</td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BUDGETING AND FINANCIAL MANAGEMENT</th>
<th>YES</th>
<th>NO</th>
<th>NOTE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>29 Has the governing body ensured procedures are in place to ensure effective and efficient budgeting and financial management?</td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STAFF TRAINING</th>
<th>YES</th>
<th>NO</th>
<th>NOTE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 Has the governing body established training programs to ensure that staff is competent to perform the task at hand?</td>
<td>X</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STANDARDS OF BEHAVIOUR</th>
<th>YES</th>
<th>NO</th>
<th>NOTE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEADERSHIP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31 Has the governing body taken steps to ensure that its members exercise leadership by conducting themselves in accordance with high standards of behaviour?</td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CODE OF CONDUCT</th>
<th>YES</th>
<th>NO</th>
<th>NOTE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>32 Has the governing body adopted a formal code of conduct defining the standards of behaviour to which individual governing body members and all employees of the entity are required to subscribe?</td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OBJECTIVITY, INTEGRITY, AND HONESTY</th>
<th>YES</th>
<th>NO</th>
<th>NOTE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>33 Has the governing body established appropriate mechanisms to ensure that members and employees of the entity are not influenced by prejudice, bias or conflicts of interest?</td>
<td></td>
<td>X</td>
<td>2</td>
</tr>
</tbody>
</table>

### TABLE 5.1 – RAU GOVERNANCE POSITION

Notes:

1. The 2001 strategic planning review of the RAU has identified that communication channels do not operate effectively in practice. Strategies to overcome this problem have
Part A
Chapter 5 – Financial governance and control at the RAU

been formalised and will be implemented from 2002 such as regular communication to all line managers and chairpersons of departments.

2 In this respect the Promotion of Access to Information Act will be applied at the RAU as from January 2002. The effect of this Act on procurement actions will be discussed in chapter 7 of this thesis.

3 The framework, which essentially comprises a decision making table, has not been updated since 1996. The policy and procedures manual presented in Part B of this thesis has been adjusted to increase to Rand value of transactions that have not been budgeted for, for which the management committee may give authorisation. The management committee requested the change on 30 October 2001 at the presentation of the policy and procedures manual contained in Part B of this thesis.

4 Policy development, review and implementation is essentially left to each section of the university and the responsible member of the management committee to drive the process.

5 One of the problems identified during the 2001 strategic planning review. Training will be provided as from 2002.

6 No appraisal process in place. Dictated by rules in the statute of the RAU.

7 The issue will be addressed with the implementation of the requirements of the Promotion of Access to Information Act.

8 The responsibilities are set out in the statute of the RAU.

9 Some reporting on performance measures provided in the annual rector’s report and university prospectus.

10 The position of risk manager was filled on a 12 hour per week basis by this author. No risk management employee in place as from 1 January 2002.
1 Training program in line with employment legislation. Done on individual basis and out of free will. Not formalised, for example for finance section personnel.

2 A policy is in place that requires related party transactions to be reported. No other mechanisms of review in place. Voluntary process from the side of employees.

As can be seen from the table above, there are relatively good governance measures in place at RAU at the level of the governing body and at management committee level. Roles and responsibilities are clear and reporting takes place. In cases where answers in the checklist have been in the negative, strategic changes have been planned to address the problems during 2002.

The execution of Council’s responsibility for financial record keeping and management is discharged firstly to the rector and thereafter the Registrar (Finance). In discharging his responsibilities, the Registrar (Finance) is assisted by a staff complement grouped together in the finance section. The structure, reporting lines and associated problems of the finance department will be discussed below.

5.4 STRUCTURE AND REPORTING LINES OF THE FINANCE SECTION

5.4.1 Introduction

As at 1 January 2002, the structure and reporting lines of the finance section have never been documented formally, nor has the reporting lines been included in the finance policy manual. Therefore, the structure reported on below is based on knowledge obtained by this author during the project that led to the writing of this thesis.

Although the responsibilities of key personnel in the finance section has changed over the last number of years and key personnel have been added to the finance team, responsibilities have evolved over time necessitated by problems that have arisen, rather than being planned from a
strategic financial planning point of view.

Until 30 October 2001, the Registrar (Finance) relied on four key personnel to manage the finance section. The four key staff members in the office of the Registrar (Finance) all reported directly to the Registrar (Finance) and not through a financial manager that could have co-ordinated the activities of the finance section. The respective responsibilities of the key personnel in the finance department will be discussed below. At the same time, changes in the management structure and main responsibilities in the finance section will be detailed.

With effect from 1 November 2001, an executive director (finance) was appointed as “financial manager” to support the Registrar (Finance). This person is qualified as a chartered accountant. The Registrar (Finance) and executive director (finance) are the only chartered accountants employed in the finance section.

5.4.2 Responsibilities prior to 1 May 2000

Prior to 1 May 2000, there were three key staff members reporting directly to the Registrar (Finance) who were responsible for various aspects of financial management and record keeping.

Firstly, the chief director finance had the overall responsibility for the financial statements of the RAU. At that time, the financial statements were presented on the SAPSE basis prescribed by the Department of Education. In addition, the chief director finance was also responsible for record keeping on the so-called “SANSO” and “Hemis” systems. The chief director finance was also responsible for some aspects of the investments of the RAU, but independent financial institutions manage, and still do, the investment portfolios.

Another of the main responsibilities of the chief director finance was overseeing the budgetary process.

Lastly, the chief director finance was also responsible for the management of the salaries system, in essence relating to the bookkeeping in respect of salaries and wages, but not the
appointment, dismissal, disciplinary procedures and other staff matters.

In essence these tasks are still the responsibility of the chief director finance, although the financial statements are now compiled in conformance with generally accepted accounting practice and record keeping in respect of the SANSO and Hemis systems is now the responsibility of the vice-rector management and support systems.

The second key staff member in the finance department is the senior director finance. As at 1 May 2000, this person was responsible for financial system co-ordination, the purchasing function and co-ordination of decentralised finance sections found in the engineering faculty, library, Centre for Distance Education, optometry and the department of human resource management. However, there were a number of purchasers who did not report to the deputy director finance, but to the Registrar (Operations) as these purchasers were tasked with procurement relating to the operations of the university.

In addition, the senior director finance was also tasked with overseeing record keeping and financial aspects of fixed assets.

The third key staff member prior to 1 May 2000 was the director of student finances. The student finances division deals with all of the aspects of the debtors (student fees and the recoverability thereof) of the RAU, but at the time, the director of student finances was not responsible for the student finances of the Centre for Distance Education. All of the financial matters pertaining to the Centre for Distance Education were handled by a decentralised finance function that reported to the deputy director finance.

The internal audit function was outsourced to the external auditors of the RAU, Coopers Theron du Toit (now the firm PricewaterhouseCoopers), until December 2000 after which the service was suspended by the Registrar (Finance) as very little value was perceived to come from the reports. Too little attention was paid to strategic financial issues and too much attention to single transactions that were not material on their own, whilst recommendations rarely showed evidence that consideration was given to the staff complement of the finance section, in turn rendering recommendations impractical.
5.4.3 Changes in responsibilities between 1 May 2000 and 1 November 2000

During April of 2000 the Registrar (Finance) launched an investigation into dealings of external consultants and external companies relating to the cooling and heating systems, alarm systems and building maintenance systems of the RAU. The investigation highlighted a number of problems, control weaknesses and evidence of possible financial misconduct.

Subsequently, effective 1 May 2000, all staff members reporting the Registrar (Operations) but performing financial tasks, were re-grouped and their responsibility lines moved under the Registrar (Finance). This meant that the staff complement reporting to the Registrar (Finance) increased by two purchasers and the director operational finance and her subordinates.

The director operational finance was also given some responsibilities in respect of the physical custody over fixed assets.

In order to formalise the assistance (on consultancy basis) that this author had been giving to the Registrar (Finance) since February 1999 in respect of procurement policy and procedures and other ad hoc financial projects, this author was appointed as risk manager of the RAU on 1 May 2000 on a secondment basis of 12 hours per week from the department of accounting.

5.4.4 Changes in responsibilities between November 2000 and March 2001

As set out in paragraph 5.3.3 there had been no internal audit work of any nature performed at the RAU since December 1999. The Registrar (Finance) obtained the services of an internal auditor on 1 November 2000 on a 5 hours per day basis. The internal auditor does not have any support staff. In order to complete tasks such as the verification of the existence of fixed assets, the internal auditor has had to use temporary staff or has made use of academic articled clerks contracted to the department of accounting.
Following an independent investigation into the finances of the Optometry clinic, the audit committee also decided at a meeting in November of 2000 that all decentralised finance personnel employed at departments and sections have a first line responsibility to the Registrar (Finance) and not to the relevant department or section head in the first place.

Since the early part of 2001, the risk manager and a representative of the faculty of law have been appointed by the management committee of the RAU to ensure the completeness, accuracy and minimisation of risk in respect of all contracts from a commercial and legal perspective, before contracts are signed.

5.4.5 Changes in responsibilities between March 2001 and September 2001

Following the discovery of a cash fraud in respect of student fees in the Centre for Distance Education, student finances of the Centre was placed under the control of the director of student finances.

5.4.6 Changes in responsibilities from October 2001

With effect from 1 October 2001, the reporting line of the purchasing function has been changed so that the senior purchaser reports to the director operational finance who reports to the Registrar (Finance).

The physical location of the purchasing section will change as from 1 January 2002. The purchasing staff will then be housed in the stores complex and not in the main campus building.

In the mean time, the risk manager has not renewed the secondment contract with effect from 1 January 2002.

The executive director (finance) was appointed with effect from 1 November 2001.
The organigram of the finance section on 1 January 2002 may be depicted as follows in Figure 5.1:

![Organigram of the Finance Section]

**FIGURE 5.1 – ORGANIGRAM OF THE FINANCE SECTION**

The main tasks of the functionaries that have been included in the organigram in figure 5.1 will be summarised below.

**Registrar (Finance):**
- Member of the management committee. Responsible for finances, tenders and other financial aspects that will be detailed in the policy and procedures manual in Part B of this thesis.

**Executive director (finance):**
- Line responsibility for all finance personnel, excluding internal audit.
Internal auditor:
- Responsible for internal audit tasks as assigned by the Registrar (Finance).

Chief director finance:
- Budgets;
- Salaries bookkeeping; and
- Overall bookkeeping, management reports, financial statements and reconciliations.

Senior director finance:
- The ITS accounting system;
- Overseeing the work performed by decentralised finance personnel;
- Report requests; and
- Fixed asset accounting.

Director student finances:
- Student accounts;
- Student debt and recovery; and
- Distance learning student accounts.

Director operational finance:
- Tender committee proceedings;
- Project accounting;
- Physical fixed asset control;
- Operational finance control; and
- Purchasing.

5.4.7 Critical commentary on the structure and reporting line of the finance section as at January 2002

As in any organisation, there are strengths and weaknesses that may be documented in respect of the structure and reporting lines of the finance section of the RAU. At this time, it is also
only fair to comment that any analysis of the strengths and weaknesses will be subjective, not proven or provable scientifically, nor necessarily fair to the individuals involved.

However, the critical commentary presented below, will assist the reader in gaining a full understanding of the internal efficiencies of the finance section and the problem areas that may affect purchasing.

Firstly, the greatest strength of the finance department lies in the quality of personnel employed at all levels. In essence, the administrative capabilities and bookkeeping capabilities are high, although in the face of obvious staff shortages.

For example, if one considers that, according to the senior purchaser, on average 36 requisitions are received by central purchasing on a daily basis, the workload of the personnel in this section may be too high given that the section is staffed by five purchasers.

Secondly, the staff turnover in the finance section is low and staff morale is acceptable.

On the negative side, there are a number of critical problems. Firstly, the Registrar (Finance) has a wide range of strategic management and financial responsibilities that makes it virtually impossible for him to take a hands on role in the day to day management of the finances of the RAU. The appointment of the executive director (finance) will obviously alleviate this problem.

In addition, the chief director finance has not played a leading role in managing staff in the finance section, as he has not had clear overall responsibility for the finance section. Rather, prior to the appointment of the executive director (finance), four high-level managers reported directly to the Registrar (Finance).

There has also been little communication between the members of the finance section management team and the team has not been sufficiently focussed on strategic planning issues and increasing efficiencies, but rather on the transactions processed by the finance section and tasks that have to be performed.

In terms of the formal educational background of the staff of the finance section, the Registrar
(Finance) and executive director (finance) are chartered accountants. The chief director finance holds a B Com degree, but none of the other staff members are graduates.

Given the requirements discussed in paragraph 3.4 that the financial statements of the RAU now have to conform to generally accepted accounting practice, greater levels of up-to-date technical accounting proficiencies are required.

From the information above, it is evident that the greatest weakness prior to 1 November 2001 in the finance section has been the fact that there has been little high-level support for the Registrar (Finance), particularly in respect of policy making and strategic financial planning. The appointment of the executive director (finance) has created significant strategic planning and implementation possibilities, also in terms of preferential procurement that will be utilised in Part B of this thesis.

A further difficulty relates to the policy of decentralised financial management of the RAU. In terms of the policy, it is the management strategy of the RAU that decision making is decentralised as far as is practicable within a framework of central control and central co-ordinating structures (RAU, 1997:1).

The general idea of decentralised management in a university environment is underpinned by the concept of academic autonomy, not only for the institution as a whole, but also for the different parts of the institution. But, in order for this policy to be applied effectively within the suggested framework of central control, the necessary guidance must be given. In this respect, the most recent policy document issued by the finance department is dated 20 January 1997 (RAU, 1997:front page). Since that time, only two additions to the policy have been issued. The first being in respect of related party transactions and secondly detailed purchasing and tendering procedures, the latter documented in this thesis.

In essence, the finance department policy document is outdated and has lost touch with the realities of changing RAU environment. In cases where decisions have been taken by the management committee of the RAU affecting finances (such as the fact that the risk manager must study and give an opinion on all contracts before it is signed) these decisions have not been incorporated in the policy manual, nor have general notices of such changes in policy or new policy been communicated to all heads of departments, section heads or other offices. As
far as applicable these ad hoc finance policy decisions will be incorporated in the procedures manual presented in Part B of this thesis.

The accounting package in use at the RAU has also been criticised (RAU, 2001:1) as it is not a Windows-based system, is not particularly user friendly and the latest version contains many errors.

Although all of the negative aspects documented above may create an impression that there is a degree of inefficiency in the finance section, it must again be emphasised that the quality of the personnel in the finance department and indeed in the rest of the institution to a large extent makes up for problems. Evidence of the efficiencies in the day-to-day management of the RAU is clear from the financial statements for the year ending 31 December 2000.

In addition, the finance section has the full support of the audit committee and council in its endeavours to ensure effective financial control.

The fact that there are high quality, good calibre staff members involved in the finance section, may explained to some extent strong financial position that the RAU finds itself in, amidst financial crises at other institutions.

5.5 FINANCIAL POSITION AS AT 31 DECEMBER 2000

The balance sheet and income statement of the RAU for the year ending 31 December 2000 that was presented to the audit committee clearly indicate the strong position that the university finds itself in. The balance sheet (RAU, 2001:23), as it was presented to the audit committee will be presented in Table 5.2 below, and the income statement (RAU, 2001:22) in Table 5.3.
<table>
<thead>
<tr>
<th></th>
<th>2000 R’000</th>
<th>1999 R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>1,215,038</td>
<td>1,082,853</td>
</tr>
<tr>
<td>Property, books, equipment, vehicles</td>
<td>354,344</td>
<td>321,984</td>
</tr>
<tr>
<td>Investments</td>
<td>854,210</td>
<td>753,649</td>
</tr>
<tr>
<td>Loans</td>
<td>6,484</td>
<td>7,220</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock</td>
<td>1,958</td>
<td>1,780</td>
</tr>
<tr>
<td>Debtors</td>
<td>36,100</td>
<td>24,080</td>
</tr>
<tr>
<td>Bank accounts and cash</td>
<td>26,786</td>
<td>1,510</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>1,279,882</td>
<td>1,110,223</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total equity</td>
<td>1,170,582</td>
<td>1,016,369</td>
</tr>
<tr>
<td><strong>Non current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term loans</td>
<td>37,535</td>
<td>40,821</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td>26,060</td>
<td>37,395</td>
</tr>
<tr>
<td>Short term portion of loans</td>
<td>3,287</td>
<td>3,260</td>
</tr>
<tr>
<td>Deposits</td>
<td>1,019</td>
<td>979</td>
</tr>
<tr>
<td>Provision for liabilities payable</td>
<td>41,399</td>
<td>11,399</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td>1,279,882</td>
<td>1,110,223</td>
</tr>
</tbody>
</table>

| Investment and bank as % of total assets | 69 | 68 |
| Equity as % of total liabilities and equity | 91 | 92 |

**TABLE 5.2– BALANCE SHEET AS AT 31 DECEMBER 2000**
Clearly, the healthy financial surplus position that the RAU finds itself in, does not reflect problems associated with, for example, procurement, or rather, despite problems in respect of procurement transactions and actions, the university is still successful in managing and controlling expenditure. Again, a tribute to governance at the higher levels and the calibre of the employees of the institution.
5.6 PURCHASING PROBLEMS PRIOR TO THIS STUDY

Prior to the commencement of the project that lead to this thesis, there were a number of problems in respect of purchasing that revolved around the total lack of a purchasing and tendering procedures manual and an absence of policy and standard documents relating to this matter.

This is certainly not in line with the level of wider governance at the institution and was an issue of grave concern for the Registrar (Finance). Some of the most pressing problems will be set out below.

Firstly, at lower staff levels, for example at the level of purchasers, there is lack of strategic management and planning, little suitable training (training in respect of issues such as electronic procurement has received too much attention), a focus on transactions rather than processes, and before the start of this process leading to the contents of Part B of this thesis, limited control over purchasing and tenders.

Secondly, there were no formal tender procedures in place. Although a tender committee had been in place since early 1999, the tender committee did not operate under a charter, nor were there policy statements and a procedures manual to guide the process or to determine voting rights for members of the committee. Decisions were made on consensus basis.

Thirdly, although there was a basic document available that was used for tenders, this document was adapted depending on the tender topic and project needs and the document did not set out standard terms of trade between suppliers and the RAU.

As far back as July 1997, consultants were brought in to standardise the tender documents and procedures of the RAU (De Wet, 1997:1). Although two workshops followed and memorandums of follow up were written (Van Vuuren, 1997:1; Pienaar, 1997:1), no progress was made until February 1999 when this author was tasked with creating tender procedures and standard tender documents for the RAU.

In the mean time, in an attempt to streamline the purchasing process by revisiting cut-off
values, purchasing cut-off values were changed by the Registrar (Finance) and Registrar (Operations) as follows in February 1999 (RAU, 1999:1):

• One verbal quotation
  ▪ Policy prior to February 1999 = R150 to R10 000
  ▪ Policy after February 1999 = Same

• At least two written quotations
  ▪ Policy prior to February 1999 = R10 001 to R20 000
  ▪ Policy after February 1999 = Same

• At least three written quotations
  ▪ Policy prior to February 1999 = R20 001 to R50 000
  ▪ Policy after February 1999 = Same

• At least four written quotations
  ▪ Policy prior to February 1999 = No policy in place
  ▪ Policy after February 1999 = R50 001 to R100 000

• At least four written quotations and single tender documents (the latter meaning that information was sought about the successful supplier such as taxation and registration numbers through the use of a tender document that was changed according to the project or situation)
  ▪ Policy prior to February 1999 = No policy in place
  ▪ Policy after February 1999 = R100 001 to R250 000

• Open tenders without tender committee
  ▪ Policy prior to February 1999 = R50 001 and more
  ▪ Policy after February 1999 = R250 001 to R999 999

• Open tenders with tender committee
  ▪ Policy prior to February 1999 = No policy in place
  ▪ Policy after February 1999 = R1 000 000 and more.
Both registrars were involved in the process as both had purchasers reporting to them.

At that time, there were two purchasing sections at the RAU. One seated in the finance section that was responsible for procurement for academic departments other than fixed assets and computers. Another was responsible for operational procurement and the procurement of fixed assets and computers. The first had responsibility lines to the Registrar (Finance) and the second to the Registrar (Operations). As reporting lines for purchasing was fragmented, the procedures that were followed were not consistent. In many respect the operational purchasers were order clerks who merely ordered goods and services from suppliers as specified by line managers.

This situation was exacerbated by the lack of practical policy on procurement in the official RAU financial policy document entitled “Beleid en prosedure gedesentraliseerde finansiële bestuur” dated January 1997.

The only information relating to procurement that was included in the policy document was the process through which contracts are referred to the members of the management committee was set out (RAU, 1997:1), the fact that such contracts may be referred to a legal specialist if the responsible registrar is of the opinion that there may be a legal problem (RAU, 1997:1) and specific information relating to purchasing issues that will be discussed below.

**5.7 PURCHASING POLICY PRIOR TO THIS STUDY**

The purchasing policy (only available in Afrikaans) that was in place prior to this study was essentially written for academic departments and employees of sections, other than purchasing staff. The policy was not aimed at setting out detailed procurement actions and controls. In order to make an assessment of the value added by Part B of this thesis, the purchasing policy in place prior to this study will be presented in full below (RAU, 1997). The policy and procedures manual presented in Part B of this thesis does not fully replace the existing policy as it contained a number of other issues.
E. AANKOOPPROEDURE T.O.V. VOORRADE EN DIENSTE
ASOOK KAPITAALITEMS (insluitende Meublement, Toerusting, ens.)

1. DEPARTEMENTE, AFDELINGS EN LABORATORIA MET EIE AANKOOP-VERANTWOORDELIKHEID

Die volgende departemente, afdelings en laboratoria hanteer hul eie aankope ten opsigte van voorrade en dienste asook kapitaalitems met ‘n aankoopprys van minder as R50 000.

<table>
<thead>
<tr>
<th>Laboratorium vir Energie</th>
<th>Departement Didaktiese Wetenskappe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laboratorium vir Materiale</td>
<td>Afdeling Beskermingsdiensste</td>
</tr>
<tr>
<td>Laboratorium vir Kibernetika</td>
<td>Afdeling Finansies</td>
</tr>
<tr>
<td>Laboratorium vir Stelsels</td>
<td>Afdeling Fisiese Ondersteuningsdiensste</td>
</tr>
<tr>
<td>Departement Chemie/Biochemie</td>
<td>RAUTEGNIEK</td>
</tr>
<tr>
<td>Departement Dierkunde</td>
<td>Inligtingstegnologie</td>
</tr>
<tr>
<td>Departement Fisika</td>
<td>Afdeling Koshuis en Verversingsdiensste</td>
</tr>
<tr>
<td>Departement Geografie</td>
<td>Studentediensburo</td>
</tr>
<tr>
<td>Departement Geologie</td>
<td>Biblioteek</td>
</tr>
<tr>
<td>Departement Optometrie</td>
<td>Buro vir Universiteitsonderwys</td>
</tr>
<tr>
<td>Departement Plantkunde</td>
<td>Kultuurkantoor</td>
</tr>
<tr>
<td>Departement Rekenaarwetenskap</td>
<td>Afdeling Korporatiewe Ontwikkeling</td>
</tr>
<tr>
<td>Departement Energiestudies</td>
<td>Afdeling IT</td>
</tr>
<tr>
<td>Departement Statistiek</td>
<td>Afdeling Sportadministrasie</td>
</tr>
<tr>
<td>Departement Wiskunde</td>
<td>Departement Vervoer</td>
</tr>
<tr>
<td>RAU TEGNIEK</td>
<td>Fotografies</td>
</tr>
<tr>
<td>Inligtingstegnologie</td>
<td></td>
</tr>
</tbody>
</table>

Enige item wat aangekoop word en waar daar sprake van kontraksluiting is, word deur die Afdeling Aankope hanteer.

Die aankoop van alle mikrorekenaars en verwante toerusting word deur IT hanteer.

2. PLAGTE T.O.V. EIE AANKOOPFUNKSIE EN BEGROTINGSKONTROLE

Die departements- of afdelingshoof aanvaar volle verantwoordelikheid vir die korrekte uitvoering van die aankoopfunksie, hoewel take gedelegeer kan word.

Dit is baie belangrik om die invloed van akkurate en tydige dokumentevloei op die Universiteit se boekhoustelsel te begryp. Waar die aankoopsbeleid nie nagekom word nie, of waar addisionele personeel later in verband met die aankoopfunksie aangevaar word, sal eie aankope nie langer toegelaat word nie, maar sal die funksie terugval na die Afdeling Aankope.

Die volgende sake dien gemeld te word:
2.1 Slegs die verantwoordelike personeellid mag amptelike bestellings namens die Registrateur (Finansies) onderteken.

2.2 Die beheer en kontrole oor die bestelboeke moet deur die verantwoordelike personeellid uitgeoefen word.

2.3 Die bepaalde personeellid moet ook begrotingskontrole op ‘n kontinue basis uitvoer om te voorkom dat goedgekeurde fondse oorspandeer word. Begrotings moet maandeliks met uitgawes gerekonsilieer word. Die Afdeling Finansies doen van tyd tot tyd steekproewe in hierdie verband en is ook voortdurend beskikbaar vir hulp met die oplos van rekonsiliasieprobleme.

2.4 Die bepaalde personeellid behoort in beheer te wees van markondersoek om kundigheid daar te stel ten opsigte van eiesoortige behoeftes.

2.5 Skakeling tussen gebruikers en leweransiers is ‘n belangrike deel van die aankoopspersoneellid se funksie.

2.6 Pryse moet ingewin en vergelyk word en aanbevelings gemaak word t.o.v. leweransiers.

2.7 Bestellings (hetsy deur middel van telefoonoproep, telefaks of andersins) moet altyd aangevul word deur die uitreiking van ‘n amptelike en behoorlik voltooide bestelling, tensy dit vanuit die kleinkas betaal word. Fakture waarop die Universiteit se amptelike bestelnommer nie verskyn nie, kan nie aanvaar word nie.

2.8 Die laboratoriumbestuurder, departementele voorsitter, afdelingshoof of direkteur moet toesien dat bestelnommers op mekaar volg sodat alle bestelnommers in ‘n bepaalde boek gebruik word. Verder moet ook nagegaan word dat volle besonderhede t.o.v. elke bestelling op die betrokke bestelvorms aangebring word sodat daar nie later onduidelikheid kan bestaan oor wat bestel is nie.

2.9 Ten einde die aankoop van goedere verder te bespoedig kan aansoek gedoen word vir ‘n eie tjekrekening/kleinkas vir ‘n betrokke departement/afdeling. (Verwys na par. F tjekrekeninge; par. G kleinkasprosedures.)

3. VERDELING VAN BESTELVORMAFSKRIFTE

3.1 Die oorspronklike bestelvorm word:

- aan die leweransier voorsien met ‘n afskrif aan die magasyn;
- direk aan die Magasyn gestuur (waar die leweransier nie die oorspronklike benodig nie).

3.2 Die betalingsadvies word op ‘n daaglike grondslag aan die Krediteure-afdeling voorsien (pienk afskrif).
3.3 Die departementele afskrif word deur die gebruiker bewaar en dit vervang in die geval waar aankope self gedoen word, die rekvisitiesstelsel (geel afskrif).

3.4 Die laaste afskrif bly in die bestelboek. ‘n Nuwe bestelboek mag slegs uitgereik word nadat die vorige boek aan Afdeling Aankope terugbesorg is.

Let wel: Die gebruiker is verantwoordelik daarvoor om die rekenaarrelde op die bestelvorm volledig en korrek te voltooi, gedagtig aan die belangrikheid daarvan om korrekte uitgawe- en verpligtingsposterings in die Universiteit se boekhoustelsel te bewerkstellig. Die nodige opleiding in verband daarmee word deur die Afdeling Finansies verskaf.

4. UITSTAANDE AFLEWERINGS

Uitstaande aflewerings behoort met gereëlde tussenposse opgevolg te word. Inligting hieromtrent verskyf op die maandelikse rekenaarstate wat deur die Afdeling Finansies aan gebruikers beskikbaar gestel word onder die opskrif “encumbrance” of dan “verpligtinge”. Dit is verder van belang om die aangeduide verpligtinge te kontroleer vir foute.

5. LIASEERSTELSEL

‘n Behoorlike en doeltreffende liaseerstelsel moet ingestel word.

6. GEREELDE KONTAK MET GEBRUIKERS

Die Afdeling Aankope maak op ‘n gereelde basis kontakt met gebruikers om die implementering van die sisteem te ondersteun. Wat veral belangrik is, is dat gebruikers op hoogte gehou word van vasgestelde pryse en leveransiers soos beding deur die Aankoopkonsorium van die Komitee van Universiteitshoofde. Dit geld veral vir die Fakulteit natuurwetenskappe waar ‘n groot deel van die aankope in verband staan met chemikalieë en glasware, en hierdie items grootliks deur KUH-kontrakte ondervang word.

7. AANKOOP VAN KAPITAALITEMS (insl. Meublement, Toerusting, ens.)

Gebruikers moet steeds jaarliks aandui watter kapitaalitems met toegekende bedrae aangekoop gaan word. Sodanige lys van beplande kapitaalaankope mag slegs met skriftelike toestemming van die hoof van die departement, afdeling of laboratorium gewysig word. Enige wysiging moet onverwyl aan die Afdeling Finansies gerapporteer word vir bywerking van rekords betreffende kapitaalbates.
8. **KWOTASIES**

Gebruikers is verplig om by die bestaande beleid betreffende kwotasies te hou, naamlik:

**Bestellings**:  
- R 150 tot R 5 000: Een mondelinge kwotasie.  
- R 5 001 tot R20 000: Minstens twee skriftelike kwotasies.  
- R20 000 tot R50 000: Minstens drie skriftelike kwotasies.  
- R50 000 en meer: Oop tenders deur Afdeling Aankope.

9. **DEPARTEMENTE/AFDELINGS WAARVAN AANKOPE DEUR AFDELING AANKOPE HANTEER WORD**

Begrotingskontrole moet deur departemente/afdelings self uitgevoer word om te verseker dat goedgekeurde fondse nie oorspandeer word nie. Die volgende prosedure geld:

9.1 Rekwisisies word deur departemente/afdelings voltooi en aan Afdeling Aankope gestuur.

9.2 Die rekwisisie word na 'n spesifieke aankoper verwys en hierdie persoon bepaal beskikbaarheid en pryse, waarna die bestelling geplaas word.

9.3 'n Amptelike bestelvorm word deur die aankoper voltooi en namens die Registrateur onderteken.

9.4 Verdeling van bestelvormafskrifte

9.4.1 Die oorspronklike bestelvorm word:

- Die oorspronklike bestelvorm word aan die leveransier voorsien met 'n afskrif aan die magasyn;  
- Direk aan die Magasyn gestuur (waar die leveransier nie die oorspronklike benodig nie.).

9.4.2 Die betalingsadvies word aan die Krediteure-afdeling voorsien op 'n daaglikse grondslag (pienk afskrif).

9.4.3 Die departementele afskrif word deur die gebruiker bewaar en dit vervang in die geval waar aankope self gedoen word, die rekwisisiestelsel (geel afskrif).

9.4.4 Die laaste afskrif bly in die bestelboek. 'n Nuwe bestelboek mag slegs uitgereik word nadat die vorige boek terugbesorg is aan Afdeling Aankope.

9.5 Alle bestellings word op 'n deurlopende basis deur die aankoper opgevolg totdat aflewering volledig plaasgevind het. Onafgehandelde bestellings word op 'n gereëleerde basis gekontroleer met die oog op herstelling van foutiewe inskrywings.
Daar moet weer eens daarop gelet word dat alle departemente/afdelings vir hul eie begrotingskontrole verantwoordelik is. Hoofde moet dus met behulp van die maandelikse grootboekuitdrukke seker maak dat oorspandering van fondse nie plaasvind nie.

10. HERSTELWERK AAN APPARAAT EN KANTOORTOERUSTING

Alle departemente/afdelings/laboratoria is self verantwoordelik daarvoor om te reël vir herstelwerk. ’n Herstelregister moet deur elke gebruiker bygehou word vir latere verwysing en die koste van herstelwerk moet altyd teen die beskikbare fondse verreken word.

Die Afdeling Aankope reël, waar moontlik en toepaslik, vooraf onderhoudskontrakte t.o.v. toerusting. Navrae hieromtrent kan aan hierdie afdeling gereg word.

Die herstelprosedure is soos volg:

10.1 Waar apparaat/toerusting op die kampus herstel kan word:

- Die gebruiker stel die leveransier telefonies in kennis van die fout.
- Die gebruiker volg die aangeleenthed op totdat die herstelwerk bevredigend afgehandel is.

10.2 Waar apparaat/toerusting van die kampus verwyder word:

- Die gebruiker besorg die item tesame met ’n versendingsversoek by die Magasyn.
- Die Rekenmeester (Fisiese Ondersteuningsdienste) stuur die item na die betrokke leveransier onder dekking van ’n versendingsnota sodat ontvangs daarvan deur die leveransier bevestig kan word.
- Die Rekenmeester (Fisiese Ondersteuningsdienste) volg die aksie deurlopend op totdat die herstelde item terugontvang en aan die departement, afdeling of laboratorium gelever is. Hierdie prosedure moet streng gevolg word om kontrole te verseker oor apparaat/toerusting wat van die kampus verwyder word.
- Die aanvra van herstelwerk buite onderhoudskontrak moet altyd saamgaan met die uitreik van ’n bestelling (in geval van gebruikers wat eie aankope behartig) of ’n rekwisisie (in geval van gebruikers wie se aankope deur Afdeling Aankope hanteer word). Die betrokke dokumentafskrifte moet daarna onverwyld aan die Krediteure-afdeling voorsien word.
11. **AANKOPE VAN ITEMS MET AANKOOPPRYS VAN MINDER AS R150**

Ten einde bestelkoste tot ‘n minimum te beperk, word alle aankope met ‘n waarde van minder as R150 deur die gebruiker self gereël en uit die gebruiker se kleinkas betaal.

Departemente/afdelings of laboratoria wat nie oor kleinkasfasiliteite beskik nie, kan by die Afdeling Finansies daarvoor aansoek doen.

Daar moet op gelet word dat alle bestellings, behalwe bovermelde wat uit ‘n kleinkas betaal word, van ‘n amptelike bestelvorm vergesel moet wees.

12. **VERANTWOORDELIKHEDE VAN AFDELING AANKOPE**

12.1 **PERSONEELAANKOPE**

Hierdie aankope mag slegs deur die Afdeling Aankope hanteer word.

12.2 **BUITELANDSE BESTELLINGS**

Dieselfde prosedure geld soos vir gewone bestellings, maar addisioneel die volgende:

♦ Die inwin van pryse geskied per teleks, brief of faksimilee.
♦ Onderhandelings vind plaas via ‘n buitelandse agent en, indien moontlik, direk met die buitelandse leweransier.
♦ Waar nodig, moet ‘n invoerpermit verkry word.
♦ ‘n Amptelike getikte oorsese bestelling moet voltooi word.
♦ Waar nodig, moet van ‘n valuta-termynkontrak gebruik gemaak word.
♦ Kontrole moet uitgeoefen word oor inklaringsdokumente. Die fisiese inklaring word deur ‘n inklaringsagent hanteer.

12.3 **FOTOSTAAT- EN FAKSMASJIENE**

Aankope van hierdie masjiene moet deur Afdeling Aankope nagevors en gefinaliseer word.

12.4 **DRUKWERK**

Alle kleurdrukwerk moet in samewerking met Afdeling Aankope geskied m.b.t. kwotasies, tenders, ens.

12.5 **OORKLERE**

Gebruikers bepaal hul eie behoeftes en koop oorklere aan binne die voorgeskreve reëls t.o.v. kleur, snit, ens.
12.6 **KONTRAKTE**

Om te verhoed dat die Universiteit (ongekontroleerde) kontakturele verpligtinge aangaan, word alle diens-, huur-, instandhoudings- en enige ander kontrakte sleks deur die Afdeling Aankope hanteer. Slegs die Registrateurs is gemagtig om sodanige kontrakte te onderteken. (Verwys ook par. A.4 van hierdie dokument.)

Departemente, afdelings en laboratoria moet die koste van kontrakte wat oor jaareindes voortduur, in hul begrotings vir elke jaar in berekening bring.

12.7 **KONTRAKTE: AANKOOPKONSORTIUM VAN DIE KUH**

Die doel van die Konsortium is om, op kollektiewe basis, beter dienslewing en pryse te beding. Dit geld veral t.o.v. hoë frekwensie gebruikstyd. Deelnemende instansies is daaraan gebond om items soos vooraf deur die Aankoopkonsortium beding, slegs by die gekontrakteerde leverante aan te koop.

Koördinering van Aankoopkonsortiumkontrakte is ‘n belangrike aangeleentheid wat sentraal by die Afdeling Aankope hanteer word, met die vereiste dat toepaslike inligting voortdurend aan departemente, afdelings en laboratoria gekommunikeer word.

12.8 **TENDERS**

Enige aankope waarby die uitrek van tenders betrokke is, word sleks deur bemiddeling van die Afdeling Aankope gedoen. Tenders word aangevra in alle gevalle waar items met ‘n waarde van meer as R50 000 aangekoop word.

Tenderdokumente is beskikbaar by die Afdeling Aankope. Tenderaansoeke word ingehandig by die Afdeling Aankope en word oopgemaak in die teenwoordigheid van ‘n verteenwoordiger van die Afdeling Finansies. Goedkeuring geskied deur die betrokke dekaan/afdelingshoof/registrateur of deur die Bestuurskomitee.

12.9 **VOORRAADHOUDING VAN BESTEL- EN REKWISISIEBOEKE**

Afdeling Aankope is verantwoordelik vir die berging en uitrekking van bestel- en rekwisisieboeke. Hierdie aangeleentheid word deur ’n registerstelsel gekontroleer. ’n Nuwe boek mag slegs uitgereik word nadat die vorige boek terugbesorg is aan Afdeling Aankope.

13. **MAGASYN**

Beperkte hoeveelhede skryfbehoeftes, skoonmaakmateriaal en instandhoudingsmateriaal word by die Magasyn in voorraad gehou.
Voorraadhouding van hierdie aard voorkom dat elke gebruiker ‘n magdom kleiner bestellings hoef te plaas t.o.v. items wat algemeen gebruik word.

Die Afdeling Koshuis- en Verversingsdienste gebruik meestal die skoonmaakmateriaal, terwyl die instandhoudingsmateriaal ten behoewe van die Afdeling Fisiese Ondersteuningsdienste geberg word.

14. AFLEWERINGS

Aflewerings geskied by die volgende plekke (aangesien dit buite die hoofgehou geleë is en die nodige infrastruktuur daarvoor bestaan):

♦ Geboue – Fakulteit ingenieurswese.
♦ Koshuis- en Verversingsdienste (koshuise, kafeteria en Eiland).
  (Instandhoudingsmateriaal vir Koshuis- en Verversingsdienste word by die Magasyn afgelever.)
♦ Magasyn.

Waar aflewerings gesentraliseer plaasvind, is dit die betrokke gebruiker se eie verantwoordelikheid om die spesifieke plek van aflevering te reël en om toe te sien dat die korrekte items, in die korrekte hoeveelhede, in goeie toestand en teen die korrekte prys gelewer word. Die nodige ontvangsdokumente moet onderteken en daarna, op ’n daaglikse basis, aan die Krediteure-afdeling besorg word.

Alle ander aflewerings geskied by die Magasyn.

15. FUNKSIES VAN KREDITEURE-AFDELING

Hierdie afdeling bly in alle gevalle verantwoordelik vir betaling van gelewerde goedere of dienste.

15.1 Nadat ‘n bestelling geplaas is, word die betalingsadviesafskrif (wat deel uitmaak van die amptelike bestelling) op ‘n daaglikse basis aan Krediteure-afdeling besorg.

15.2 Die betalingsadives dien as basis vir ‘n leweransiersrekord waarheen alle aflweringsnota’s fakture en rekeningstate gerekonsilieer word. Alle dokumente wat in hierdie verband by ‘n gebruiker uitkom, moet sonder versuim deur die gemagtigde persoon nagegaan en onderteken word, waarna dit aan Krediteure-afdeling besorg moet word.

15.3 Nadat die gebruiker ontvangs bevestig en die betrokke dokument gesertifiseer het, word ‘n betalingsbewysstuk deur Krediteure-afdeling voltooi en aan die Afdeling Finansies voorsien vir afhandeling.

15.4 Die proses word afgesluit met die invoer van inligting in die gerekoniserende ITS-krediteurestelsel vir voorbereiding van betalings.
16. INLIGTINGSTEGNOLOGIE: VERSKAFFING EN ONDERHOUD VAN MIKRO-REKENAARS EN VERWANTE TOERUSTING

16.1 VERKRYGING VAN REKENAARPRODUKTE

Alle aankope, huurkontrakte, dienskontrakte, skenkings of enige ander vorm van verkryging van rekenaarprodukte geskied in oorleg met die Afdeling Inligtingstegnologie (IT). Die volgende prosedure word gevolg:

16.1.1 (a) Die beleid van die Ouditkomitee en Universiteit word streng toegepas;
(b) Bepaalde konfigurasies, waarborges en handelsname word feitlik maandeliks vasgestel om by die vinnig veranderende tegnologie te bly.
(c) Indien ’n persoon buite die bepaalde norme beweeg, mag IT daarop aandring dat hulle die rekenaar volledig toets voordat dit op die netwerk geplaas word;
(d) Daar word van verskeie verskaffers gebruik gemaak.

16.1.2 Departemente/afdelings wat rekenaarprodukte wil aankoop, nader IT. Die standaard-produk met pryse word deur IT aanbeveel. Die betrokke departement/afdeling kan besluit of die standaard-produk aanvaarbaar is.

16.1.3 ’n Bestelvorm word volledig voltooi en aan Afdeling Finansies besorg.

16.1.4 Alle rekenaartoerusting word by IT afgelever, waarna dit by die betrokke departement/afdeling afgelever en geïnstalleer word.

16.1.5 Alle rekenaartoerusting word deur IT gemerk en daar word volledige rekords gehou van aankoopsbesonderhede, waarborg, fondse waaruit toerusting in stand gehou moet word, ens.

16.1.6 Nadat die toerusting in bedryf gestel is, word die afleveringsnota/faktuur deur die departement/afdeling onderteken. Daarna word dit deur IT aan Afdeling Finansies besorg vir betaling.

16.1.7 In die geval van ’n huur- of dienskontrak word die kontrak aan Afdeling Finansies voorgelê vir kontrole en ondertekening. Geen afleverings of dienste mag geskied alvorens sodanige kontrakte nie onderteken is nie.

16.1.8 Indien ’n nie-standaard rekenaarprodukt deur ’n departement/afdeling verlang word, lig IT die departement/afdeling skriftelik in dat die produk nie aan die netwerk gekoppel mag word nie, en dat die Universiteit nie verantwoordelikheid aanvaar vir opleiding, instandhouding en ander ondersteuning nie.

16.1.9 So ’n nie-standaard produk bly steeds ’n bate van die Universiteit. IT hanteer die aankoop daarvan soos in die geval van ander aankope met die voorwaarde dat die departement/afdeling self verantwoordelik is vir alle koste
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Chapter 5 – Financial governance and control at the RAU

en dat die Universiteit nie ondersteuning t.o.v. sodanige produk lewer nie. ‘n Dienskontrak kan op versoek van’n departement/afdeling t.o.v. sodanige produk gereël word.

16.2 ONDERHOUD

16.2.1 Produkte wat voldoen aan die standaard-norme

Alle foute wat betrekking het op rekenaarprodukte (insluitende die finansiële-en administratiewe stelsel asook sagteware) word sentraal aangemeld by mej. K. Turnbull (bylyn 3095). Hierna word ‘n kaart deur haar voltooi wat deur die instandhoudings personeel by haar afgehaal word. Na voltooiing van die werk word die kaart aan mej. Turnbull terugbesorg vir kontroledoeleindes.

16.2.2 Produkte wat nie aan die standaard-norme voldoen nie

Instandhoudings personeel sal waar moontlik wel self diens lewer, maar daar sal noodgedwonge dikwels van buite-dienste gebruik gemaak moet word. In so ‘n geval sal die aanvraer ten volle vir sodanige buite-diens moet betaal. Probleme m.b.t. hierdie produkte word aangemeld by mev. S van der Walt (bylyn 2487) wat die nodige reëlings met die buite-instansies tref.

16.3 OPLEIDING

Reëlings met betrekking tot die opleiding van personeel word getref met die afdeling Personeeldienste.

16.4 SAGTEWARE

Inligting m.b.t. standaard-pakkette wat beskikbaar is op die kampusnetwerk kan verkry word by IT.

Ondersteuning word slegs verskaf ten opsigte van amptelike pakkette.

16.5 NETWERK

16.5.1 Netwerkpunte

Die koste verbonde aan sodanige punte is vir die rekening van die aanvraer en die eenheidskoste word jaarliks hersien (+ R1 700). Netwerkpunte is onderhewig aan die beskikbaarheid in ‘n spesifieke omgewing.”

The purpose of the project that led to this thesis was therefore clear in that additional and supportive policy, procedures manuals, charters and standard documents had to be written for procurement at RAU. The process followed in this regard will be summarised below.
5.8 THE PROCESS FOLLOWED TO CREATE THE COMPREHENSIVE POLICY, PROCEDURES MANUAL AND RELATED DOCUMENTS

In response to the request from the Registrar (Finance) to address the policy and procedural needs of the RAU in respect of purchasing, this author set about the writing of a first version of policy document on tender procedures and related matters as well as the writing of standard tender documents, short-form tender documents and an application form for suppliers who wished to be placed on the approved supplier list.

The first version of the documents was presented for discussion to the management committee in March 1999. After initial discussion of the document, a small number of refinements were made also through consultation with purchasing personnel and the second version issued in September 1999.

The policy, procedures and standard documents were implemented fully university wide by September 1999. The implementation process led to more small refinements that gave rise to a third version of the document that was issued for university wide comment in May 2000. As the third version elicited no comments, this version was kept in place in practice and is still being applied.

As there was very little difference in the though process and elements of the first, second and third versions of the policy, procedures manual and standard documents, the writing of the three versions will be described together. The writing of these versions will be addressed in chapter 6 of this thesis.

The issue of the Preferential Procurement Policy Framework Act in 2000, the issue of the Promotion of Access to Information Act, the verdict in the case Transnet Ltd v Goodman Brothers (Pty) Ltd and other issues necessitated as further expansion to the document that culminated in the information contained in part B of this thesis. These issues will be addressed in detail as from chapter 7 of this thesis.
5.9 SUMMARY

The purpose of this chapter was to focus on governance at the RAU.

A critical analysis of governance at the top structures of the university showed strong governance processes in place.

Top management is supported by a positive staff complement and financial history has shown that there are indeed efficiencies in the financial management of the RAU. The chapter also described the responsibilities in the finance section and changes to reporting lines for a period.

However, although there is evidence of efficiencies, there were a host of procedural problems associated with procurement that was highlighted. The process put in place to address these problems was also described. The remaining chapters of this thesis will document the detailed process followed to establish the information contained in Part B of this thesis.
BIBLIOGRAPHY


