



## Policy on Delegations of Authority and Schedule of Authorisation Levels

### **POLICY PARTICULARS**

**DATE OF APPROVAL BY RELEVANT COMMITTEE STRUCTURE:**

Audit Committee, Finance & General Purposes (F&GP) Committee of the University Council, Council

DATE OF APPROVAL BY F&GP: April 2014

DATE OF APPROVAL BY COUNCIL: June 2014

COMMENCEMENT DATE: Immediate

REVISION HISTORY: Policy finalised March 2014

REVIEW DATE: 5 year intervals

POLICY LEVEL: All members of the University authorised to procure goods & services using University Council controlled funds

RESPONSIBILITY: Executive Director: Infrastructure, Operations & Finance

- IMPLEMENTATION & MONITORING:
- REVIEW AND REVISION:

REPORTING STRUCTURE: Executive Director: Infrastructure, Operations & Finance; Vice-Chancellor; Budget Executive Committee; Audit Committee, F&GP; Council

## **2. POLICY STATEMENT**

### **2.1 Policy declaration**

In terms of section 27(1) of the Higher Education Act 101 of 1997 and the Rhodes University Statute (March 2005) the Council of the University is responsible for governing the University whilst the Principal is responsible for the day-to-day management and the administration of the University. Due to the complexity and magnitude of this responsibility, the Council and the Vice Chancellor may delegate any of the duties, functions and powers attached to the office to a member of the institutional top management committee or to any other suitable person. This policy regulates such delegations of authority.

### **2.2 Policy objectives**

- a. To ensure best practices in the administration of the RHODES UNIVERSITY assets through a consistent university wide framework of contract signing authority and delegation of that authority where appropriate.
- b. To provide clarity of roles and responsibilities in order for administrators and others to manage their respective areas of responsibilities in an effective, efficient and transparent manner.
- c. To ensure the University complies with all reasonable requirements from external agencies, such as the Department of Higher Education & Training, the National Research Foundation and other funding agencies.
- d. To ensure all contracts and/or expenditure authorisations undergo authorized review and approval prior to execution.
- e. To ensure that a clear and transparent framework and processes are established and maintained for the exercise of contract and/or expenditure signing authority and for the delegation of signing authority to persons authorized to enter into contractual commitments on behalf of the RHODES UNIVERSITY.
- f. To ensure sound stewardship of all resources and assets.
- g. To manage RHODES UNIVERSITY risks.
- h. To support effective and informed decision-making.
- i. To provide for consistent accountability and reporting throughout the University.

## 2.3 Definitions

- a. A delegation is the formal authority or power to perform specific tasks, functions, duties and responsibilities for which Council and the Vice Chancellor are ultimately responsible. Delegations are designed to ensure responsibility and autonomy is devolved to the appropriate level so that staff can be efficient and effective in fulfilling the University's objectives.
- b. A telephonic quotation is a quote given verbally by telephone and requested in writing or verbally.
- c. A written quotation is a quote given in writing and can be requested in writing or verbally, as long as the nature, extent and time of the deliverable is clear from a written document.
- d. A closed tender is a tender given in response to a request for a tender issued by the University to a pre-selected group of potential suppliers.
- e. An open tender is a tender inviting all interested parties willing and able to render the requested service or deliver the requested product.
- f. Assets are all items of which the expected period of use exceeds one year, and the value is more than R10,000. These assets must be acquired against the correct asset account and recorded in the Asset Register of the University, *inter alia* to ensure correct procedure in terms of asset insurance.
- g. Payments and orders in terms of an Approved Contract - contracts in which the deliverable quantity or action and/or the price has been pre-determined, e.g. rental agreements, consultancy agreements, framework agreements and consortium agreements such as PURCO contracts.
- h. Operating Expenses refers to all expenses that cannot be classified as assets listed above, e.g. Stationery, etc. This includes the acquisition of inventory stock and the withdrawal of items from inventory stores.
- i. BEC: refers to the Budget Executive Committee.
- j. ACC: refers to the Admin Committee of Council, comprising the Vice Chancellor, the DVC's, the Registrar and the Executive Director: IOF.

## 3. POLICY

Contractual principles as per the Higher Education Act of 1997 (as amended), the Broad-Based Black Economic Empowerment Act 53 of 2003, and the Codes of Good Practice, the Preferential Procurement Regulations, 2011 pertaining to the

PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, (ACT NO. 5) OF 2000 as well as the RO Procurement Policy must be complied with along with the requirements of this Delegations of Authority and Schedule of Authorisation Levels Policy.

This policy is applied in accordance with the following guidelines, rules and processes made and amended from time to time:

- a. The delegations attached to a staff member's position apply only to the position or expenditure within in the area of responsibility associated with the position.
- b. A delegation held at a nominated management level is also held by all higher level managers in the delegate's reporting lines within the line management structure.
- c. The Council may change these delegations on a temporary basis as a response to specific circumstances.
- d. Schedules are revised by Council when necessary. Council may initiate such a request and/or BEC may initiate such a request to Council, based on ACC recommendation.
- e. Only written and duly authorised documents are deemed to be valid contracts.
- f. Authorisation levels are delegations of authority and the recipient of a delegation may not further delegate his/her authority or grant a power of attorney to another person, unless the power to delegate is also delegated. If a recipient of a delegation of authority is temporarily not able to perform the delegated functions, then the next higher level of authority may for such temporary period in writing designate a competent substitute to perform the delegated functions, alternatively perform such functions him/herself.
- g. Constraints of authority set out in these rules may only be deviated from on a case by case basis and after prior written approval has been given by the next higher level of authority e.g.:
  - i. If tenders are expected to fall within the price bandwidth of a particular authorisation level, but the proposed winning tender turns out to exceed the level of authority (and/or the method of procurement), then the tender may only be awarded with the prior written approval of the next higher level of authority;
  - ii. If it is not practical or realistic to seek three quotations (e.g. consider the acquisition of specialised equipment with only one possible supplier), the requirement for such quotations may be dispensed with the approval of the ACC.
- h. A delegation of authority may at any time be retracted in writing with respect to any individual or group by any of the holders of higher levels of authority in the same/applicable management line function. If such authority is retracted,

it may only be granted again by the holder of an authority equal or higher than the authority level of the individual who had retracted it.

- i. Managers/staff on the same level of authorisation level may delegate authority to the same level of authority for singular authorisations only, in writing.
- j. The recipient of a delegation of authority should at all times take account of statutory requirements that may be applicable to the tertiary sector in the context of procurement e.g. those contemplated in paragraph 40(3)(a) and (b) of the Higher Education Act.
- k. The recipient of a delegation of authority shall at all times ensure that the relevant University policies and procedures are taken into account:
  - i. the approver accepts responsibility that the funding for the contract or payment has been obtained, either by way of an approved budget, or by additional funds allocations by the Finance Department, or by increased income generation;
  - ii. the contract is reviewed by the Registrar, and where relevant by the Finance Division, and/or the Research Support Office before it is signed;
  - iii. tax, IPR and exchange control implications of the contract and other relevant requirements are clear or have been considered by the relevant Offices of the University.
- l. The recipient of a delegation of authority shall ensure that his/her compliance with all University policies and procedures (including these general rules) is properly recorded and evidenced.
- m. These rules apply to all contracts to which the University (or any division of the University) is a party, irrespective of the source of the funds being used to make payment by the University under such contracts.
- n. The manipulation of a contract or circumstances (e.g. the splitting of a contract) with the intent to circumvent these rules is not allowed.

**SCHEDULE OF DELEGATIONS OF AUTHORITY**

<b>ACTION</b>	<b>CONDITIONS/AMOUNT</b>	<b>APPROVAL REQUIRED</b>
<b>LEGAL ENTITIES</b>		
Authority to establish RU-related legal entities	Partnerships Trusts Joint Ventures Close Corporations Companies	All such entities may be established only by authority of Council.
<b>CONTRACTS</b>		
Contracts/sub-contracts, including consulting contracts to RU, but excluding the following which are covered elsewhere within the suite of documents on delegated authorities. - Contracts/sub-contracts associated with building construction projects; - Contracts/sub-contracts associated with research contracts; and - Contracts/sub-contracts associated with supplier or service contracts.	Contract price <= R100,000	Fund holder
	Contract price > R100,000 and <= R1,000,000	Fund holder and the Dean or Director:Finance
	Contract price > R1,000,000 and <= R5,000,000	Fund holder and the Dean/Director:Finance and either the DVC Research (for research-related)
	Contract price > R5,000,000	Council for signature by the Registrar and ED:IOF
Construction contracts (including the professional team) within the approved Capital Projects budget, including acceptance of the tenders.	Building cost <= R5,000,000, excluding VAT and professional fees. Cost > R5,000,000	ED: IOF Major Projects Committee (MPC) for signature by the ED: IOF
Contracts/sub-contracts associated with research contracts are specifically covered under XXXXXX - <b>Research, research- related and extension contract/authorities</b>		Refer XXXXX - Research, research-related and extension contract/authorities.
Supplier or service contracts (e.g. in-house travel agency, service contracts, photocopy machines, rentals of equipment and software licenses) - <b>DURATION</b>	Where term is <= 3 years	ED:IOF (or nominee) or Registrar
	Where term is > 3 but <= 5 years	ED:IOF plus one of Registrar or DVC (on recommendation of Dean)
	Where term is > 5 years	Council for signature by the ED:IOF and Registrar
Supplier or service contracts (e.g. in-house travel agency, service contracts, photocopy machines, rentals of equipment and software licenses) - <b>VALUE</b>	Where total value <= R3,000,000	ED:IOF (or nominee) or Registrar
	Where total value > R3,000,000 but <= R5,000,000	ED:IOF or Registrar
	Where total value is > R5,000,000 and <=R10,000,000	ED:IOF plus one of Registrar or DVC
	Where total value is > R10,000,000	Council for signature by the ED:IOF and Registrar
Letters of intent	Applicable operational service or supplier contracts	Deputy Director:Admin, Finance & Procurement after approval as above
Credit applications	Applying for credit facilities	Director: Finance
Letting or leasing immovable property - <b>DURATION</b>	Ad hoc use up to 1 month	ED:IOF or nominee
	Term <= 1 year	ED:IOF or nominee
	Term is > than 1 year and <= 5 years	Two of either the Registrar, ED:IOF or DVC
	Term is > than 5 years	Council for signature by two of either the Registrar, ED:IOF or DVC
Letting or leasing immovable property - <b>VALUE</b>	Total expense or income <= R250,000	ED:IOF or nominee
	Total expense or income > R250,000 and <= R1,000,000	ED:IOF
	Total expense or income > R1,000,000 and <= R5,000,000 per annum	Two of either the Registrar, ED:IOF or DVC
	Total expense or income > R5,000,000 per annum	Council for signature by two of either the Registrar, ED:IOF or DVC
<b>PURCHASES - MUST BE READ IN CONJUNCTION WITH DOCUMENT ON THE THRESHOLD VALUES FOR PURCHASING (PROCUREMENT POLICY)</b>		
Purchase orders – general (excluding assets)	All payments to RU staff (reimbursements, advances etc.) in excess	Require one up authorization
	Orders <= R100,000	Fund holder or nominee.
	Orders > R100,000 and <= R1,000,000	Fund holder or nominee and the nominee of the Dean or DVC
	Orders > R1,000,000	Fund holder and the Dean and either the DVC Research (for research related purchases) or ED:IOF
Purchase orders in terms of contracts, including consulting contracts to RU (other than those associated with building construction projects, research contracts for third parties or supplier or service contracts) (Subject to appendix 1 threshold value procedures)	Purchase order <= R100,000	Fund holder
	Purchase order > R100,000	Fund holder and the Dean or ED:IOF
Purchase orders for construction contracts (including the professional team) within approved Capital Projects	Purchase order <= R1,000,000	ED: IOF or nominee
	Purchase order > R1,000,000	ED: IOF
Purchase orders in terms of approved supplier or service contracts, including software and library data access licenses	Purchase order <= R1,000,000	Fund holder
	Purchase order > R1,000,000	Fund holder and the Dean/ or DVC
Movable asset acquisitions	Cost <= R15,000 (not on Asset register)	Fund holder or nominee
	Cost > R15,000 and <= R100,000 (on Asset register).	Fund holder or nominee
	Orders > R100,000 and <= R1,000,000	Fund holder or nominee, and the nominee of the Dean or DVC
	Orders > R1,000,000	Fund holder, and the Dean and either the DVC Research (for research-related purchases) or the ED:IOF
<b>MOVEABLE ASSET DISPOSAL - MUST BE READ IN CONJUNCTION WITH DOCUMENT ON THE DISPOSAL OF REDUNDANT AND SECOND-HAND GOODS (PUR001)</b>		
Disposal of moveable assets.	Cost <= R50,000	Head of Department (HOD)
	Cost > R50,000 and <= R500,000	HOD and the nominee of the Dean/Director or DVC
	Cost > R500,000	HOD, the Dean/Director and either the DVC Research (for research assets) or the ED:IOF
<b>IMMOVEABLE ASSETS</b>		
Land and/or buildings	Normal acquisition	Council with ministerial approval where relevant.
	Disposals	Council with ministerial approval.
<b>INVESTMENTS</b>		
Appointment of investment managers and advisors	All investment portfolios, including cash portfolios	Council/Board of Governors of the RU Foundation, on advice of the BoG Investment Committee
Setting investment limits and strategies	All investment portfolios, including cash portfolios	Council/Board of Governors of the RU Foundation, on advice of the BoG Investment Committee
Operational instructions	Contracts/letters of instruction on mandates	ED:IOF
	Appointment of operational signatories	ED:IOF
Investing or withdrawing call funds, fixed deposits or other portfolio investments	<= R100,000,000	Two signatories as nominated by the ED:IOF
	> R100,000,000	As above and specifically approved by the ED:IOF
<b>LOANS</b>		
Raising of loans by RU	All loans	Council, on the advice of F&GP (and subject to Higher Education Act

<b>ACTION</b>	<b>CONDITIONS/AMOUNT</b>	<b>APPROVAL REQUIRED</b>
Loans to RU entities and affiliates (e.g. residences, institutes etc)	All loans	F&GP to recommend to Council the amount of the loan facility to be made available to the entity concerned. The loan facility is to be reviewed annually and Council advised accordingly.
<b>PURCHASING CARDS</b>		
RU application to hold a purchasing card	All cards	All of the fund holders, the HOD, the Dean and the Director:Finance
Application to Bank for new card or to request a permanent increase in credit limit	Cards with monthly credit limits of < = R50,000 Cards with monthly credit limits of > R50,000	Deputy Director:Admin, Finance & Procurement & Director:Finance after approval by Budget Executive Committee (BEC) Deputy Director:Admin, Finance & Procurement & Director:Finance after approval by Budget Executive Committee (BEC)
RU application to request a temporary limit increase for a specified limited period	Limit set to < = R50,000 Limit set to > R50,000	The fund holder, HOD and Director:Finance Deputy Director:Admin, Finance & Procurement & Director:Finance after approval by Budget Executive Committee (BEC)
<b>BANKING</b>		
Bank Accounts and relationships with Commercial Banks for general banking purposes	Opening and closing of bank accounts and short term call deposit accounts Letters of instruction and/or indemnity	Council ED:IOF and one top line cheque signatory as defined below
Cheque signatories: appointment of	Signatory	As per signatory schedule
<b>WRITE OFFS - ALL AMOUNTS WRITTEN OFF MUST BE REPORTED TO THE AUDIT COMMITTEE AT ITS FIRST MEETING OF THE YEAR</b>		
Bad debt (external debt, including fee debt) and the non-pursuit of insurance claims	< = R50,000 > R50,000 and < = R500,000 > R500,000 and < = R5,000,000 > R5,000,000	Nominee of the ED:IOF, ratified quarterly by the ED:IOF ED:IOF, and reported to Audit Committee ED:IOF and the F&GP Chair, ratified by the F&GP and reported to Audit committee Council, on advice of the F&GP
Staff debtors	As above	As above PLUS reported to the Audit Committee in respect of any potential tax
Write back of debtors invoices raised to the fund originally credited	< = R100,000 > R100,000 and < = R500,000 > R500,000	Nominee of ED:IOF on written acceptance by the fund holder, and reported As above plus the appropriate Dean and DVC Research As above and reported to F&GP NB For all items in excess of R100,000 it may be appropriate to <i>inform</i> the Director: Development & Alumni Division
Fund deficits	< = R25,000 > R25,000 < = R500,000 > R500,000 < = R5,000,000 > R5,000,000	Dean and Director:Finance ED:IOF on motivation by Dean ED:IOF and Chair F&GP, ratified by F&GP Council, on advice of F&GP
Debit/Credit write offs of unidentified receipts and payments	All amounts	Transfers to treasury write off - Director:Finance with annual report to ED:IOF. Write off to income statement – ED:IOF in consultation with the Chair of F&GP
<b>DORMANT FUNDS - Those Research and related funds which were under the decision making rights of an individual who has left the University, and on which there has been no activity, must be closed in the year following the year in which they became dormant</b>		
The net debts and/or credits from such funds must be pooled in the operational unit within which they operated and dealt with as follows:	Net Debit (deficit)	Reported to the F&GP. The net debit must be absorbed in the operational unit within which they operated excepting that, where the operational unit is unable to carry such a charge, the DVC may approach the BEC for (some) relief.
	Net Credit	Reported to F&GP. The DVC may approach the BEC to request that these funds be made available to the operational unit for an appropriate activity within the unit. The re-allocation of these funds will be entirely at the discretion of such committee.
<b>DONATIONS</b>		
Acceptance of a donation or grant which is not subject to a research contract and where there are on-costs <= R500,000 and there are no restrictive clauses	Amount < = R1,000,000 Amount > R1,000,000 and < = R10,000,000 Amount > R10,000,000	Directors of Finance and Development & Alumni Relations Vice-Chancellor or nominee and nominee of the ED:IOF Chair of Council on behalf of Council and nominee of the ED:IOF
Acceptance of a donation or grant where further costs > R500,000 and < = R1,000,000 will be incurred and which is not subject to a	Amount < = R5,000,000 Donation > R5,000,000	Dean and the ED:IOF Council on the advice of the F&GP
Acceptance of a donation or grant where further costs > R1,000,000 will be incurred and which is not subject to a research contract.	Any amount of donations or grant	Council on the advice of the F&GP
Issuing of Section 18A Certificates	Cash or equivalent Donations in kind	Nominee of ED:IOF (usually in Development & Alumni Department) ED:IOF or nominee who is member of the Finance executive
<b>FINANCIAL AID</b>		
Setting the award amounts for financial aid and entrance scholarship packages	Subject to approved budget for financial aid	Financial Aid Committee
Setting the 'over offer' factor allowed in awarding financial aid and entrance scholarship packages	Subject to approved budget for financial aid	BEC reporting to F&GP
Setting eligibility levels for financial aid packages	Subject to approved budget for financial aid	BEC reporting to F&GP
Allocating financial aid and entrance scholarship packages, including 'over offer' factor, to faculties	Subject to approved budget for financial aid	Financial Aid Committee reporting to F&GP
Awarding of bursaries/student loans	Award made from funds administered by ????? Award made from funds administered by ????? Award made from departmental or research funds	????? or the DVC Research. Guaranteed packages, subject to confirmation, approved by the Dean or nominee with parameters set by F&GP and ?????????? All such awards must be channeled through the above processes.
<b>RESEARCH COST RECOVERY</b>		
Waiver of research and other cost recovery	All research for third parties is subject to overhead cost recovery	Director:Finance Waivers are to be reported to the DVC Research and the F&GP on a quarterly
<b>BUDGET</b>		
Granting additional operating budget	Any amount	F&GP on the recommendations of BEC
Granting budget (non-Council controlled operating budget)	Income has been recognised or research contract has been signed Authority to spend on Spend & Claim basis granted by external funding source	F&GP on the recommendations of BEC F&GP on the recommendations of BEC
<b>RESERVES</b>		

Use of Prior Year Reserves (PYR)	Units are required to maintain sufficient reserves to cover 5% of their total expenditure budget at all times.	F&GP on the recommendations of BEC
	Otherwise units may use their reserves in terms of the "RU Financial Policy".	F&GP on the recommendations of BEC
Utilisation of General Operating Budget (GOB) contingency	Amount <= R500,000	F&GP on the recommendations of BEC
	Amount > R500,000	F&GP and reported to Council