



## **FINANCIAL POLICY**

<b>Reference number</b>	4P_4
<b>Accountable executive manager</b>	Executive Director: Finance and Facilities
<b>Policy owner</b>	Director: Purchases and Payments
<b>Responsible division</b>	Purchases and Payments
<b>Status</b>	Approved
<b>Approved by</b>	Council
<b>Date of approval</b>	17 November 2022
<b>Date of amendments</b>	
<b>Review date</b>	November 2025

## FINANCIAL POLICY

### Preamble

Against the background of the dream to be an internationally recognised university in Africa, distinguished for engaged scholarship, social responsiveness and an ethic of care, the council of the North-West University (NWU) has adopted this policy on 17 November 2020.

### 1 Interpretation and application

- 1.1 This policy must be interpreted and applied in a manner consistent with—
  - 1.1.1 the Constitution of the Republic of South Africa, 1996;
  - 1.1.2 the Higher Education Act, 101 of 1997 (“HE Act”);
  - 1.1.3 the Statute of the North-West University (2017) (“the Statute”), and
  - 1.1.4 all related policies of the NWU, particularly the Policy on Delegation, Assignment and Agency.
- 1.2 The annexures and schedule attached to this policy must be read as integral components of the policy.
- 1.3 The University Management Committee is hereby empowered and required to prescribe financial guidelines, manuals and procedures detailing rules and regulations consistent with this policy pertaining to specific financial interactions to ensure the smooth and coordinated execution of this policy.
- 1.4 This policy applies to all components and employees of the NWU, including those employed on contract, entrusted with the acquisition of goods and services for the university irrespective of the source of the funds utilised.
- 1.5 Autonomous entities functioning in association with the NWU and whose financial records are maintained by the university are bound by the provisions of this policy with the necessary changes required by the circumstances.
- 1.6 Should specific conditions prescribed by a donor be in conflict with this policy, an agreement deviating from this policy may be entered into with the applicable donor and such agreement shall be concluded by the individuals entitled thereto in terms of the Policy on Delegations on behalf of the University and must be approved in terms of point 2.4 of the schedule.

### 2 Definitions

In this policy and related documents –

**“accounting officer”** means a functionary or employee of the university who bears responsibility in terms of the applicable terms of employment to ensure that a component of the university has and maintains effective, efficient and transparent systems of financial and risk management and internal control, taking into account that the vice-chancellor is in terms of section 30 of the HE Act and paragraph 42(1) of the Statute the chief executive and accounting officer of the NWU responsible for the management and administration of the university;

**“agency”** means the capacity of any person lawfully empowered by a governance or other structure or office bearer of the university to represent the NWU in the performance of legally binding acts, **“agent”** having a corresponding meaning;

**“assets”** refers to all physical items procured and used by the NWU for an expected period of more than one year, which exceeds a certain monetary threshold as determined by the UMC from time to time, and is recorded in the statutory Assets Register of the university;

**“assignment”** means the transmission to a functionary or employee of the NWU of the authority to perform an act under specific conditions or within a specific framework whereby the NWU is deemed to incur or fulfil an obligation;

**“delegation”** means the revocable transfer of a power or function of the university by the bearer of such power or function (‘the delegans’) upon another structure, body or person (‘the delegatus’) to be exercised by the delegatus on behalf of the delegans;

**“donation”** means the giving of a gratuitous amount of money, assets or services to or on behalf of the university without a contractual counter obligation attached thereto;

**“grant”** means a non-repayable amount of money, assets or services disbursed to or on behalf of the university by or to a government, local authority, parastatal, research entity, aid agency or the like, to further educational study, research and development or for any other particular purpose, with terms and conditions attached thereto;

**“line manager”** refers to an employee of the NWU who is responsible for the management of other employees and who is accountable in terms of the relevant terms of employment for the administrative management and output of a component of the university;

**“professional fees”** means expenses incurred from sources of a professional nature and in which the professional capabilities and expertise of the services obtained is the deciding factor

**“sponsorship”** means payment of an amount of money, assets or services to or on behalf of the university to receive advertising and other exposure in return, with terms and conditions attached thereto;

**“subsidiaries”** refer to legal entities which are distinct from, but are controlled by the university;

**“the schedule”** refers to the Schedule of Financial and Contractual Authorization Levels attached to Annexure 2 of this policy.

### **3 Policy statement**

It is the policy of the NWU that –

- 3.1 the council must be enabled by the Executive Director: Finance and Facilities to effectively oversee the university’s financial management and reporting to ensure that it is sustainable and performed responsibly and effectively;
- 3.2 line managers and other employees must be assisted by the Executive Director: Finance and Facilities to assume responsibility and be accountable for the performance of their functions in the financial management of the university;
- 3.3 line managers and other employees must be assisted by the Executive Director: Finance and Facilities to establish a sound control environment and to limit the risks involved in performing their financial functions;
- 3.4 the integrity, completeness and accuracy of financial data recorded in the financial systems of the university must be ensured;
- 3.5 compliance with applicable laws, regulations and accounting and reporting standards must be ensured, and
- 3.6 consistent financial practices, operational efficiency and best practice must be promoted across the university.

### **4 Principles of financial management**

The principles governing the financial management of the NWU are set out in Annexure 1.

### **5 Financial and contractual authorisation**

The rules governing financial and contractual authorisation within the structure of the NWU are set out in Annexure 2 and the Schedule attached thereto.

### **6 Procurement**

The rules governing procurement by the NWU are set out in Annexure 3.

Original details: (11664754) P:\Policies\2022\Financial Policy.docm  
5 December 2022

Current details: (11664754) [https://nwucloud.sharepoint.com/sites/NWU\\_RAM-PFR/Shared%20Documents/General/Financial%20Policy%20and%20preferential%20procurement%20strategy/2022/Financial Policy.docm](https://nwucloud.sharepoint.com/sites/NWU_RAM-PFR/Shared%20Documents/General/Financial%20Policy%20and%20preferential%20procurement%20strategy/2022/Financial Policy.docm)  
5 December 2022

File reference: 4P\_4



## *Purchases and Payments*

### **PRINCIPLES OF FINANCIAL MANAGEMENT**

On the basis of the policy statement contained in paragraph 3 of this Financial Policy, the following principles apply to the financial management of the NWU and all related guidelines, rules, regulations, manuals and procedures must be read in a manner consistent with these principles:

#### **1 Financial statements**

- 1.1 Financial statements are prepared for purposes of financial reporting and are based on the information used by management about the financial position, performance and changes in financial position of the University.
- 1.2 The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board and in accordance with the requirements set by the Minister of Higher Education and Training in terms of section 41 of the Higher Education Act 101 of 1997.
- 1.3 The council is responsible, with the assistance of the University Management Committee (UMC), the Audit, Risk and Compliance Committee and the Finance Committee of the council, for the approval of financial statements.
- 1.4 The financial year of the NWU ends on 31 December of each year.

#### **2 Underlying principles for recording of financial transactions**

All financial transactions are recorded and captured in the financial systems of the university to reflect a fair representation of the financial position, performance and changes in equity of the university in any financial year.

All financial transactions are based on the following principles:

##### **2.1 Accrual basis**

Transactions (and other events related to finance) are recognised when they occur and not when cash is actually received or paid.

##### **2.2 Reliability of information**

To be useful, information must be reliable and free of potentially misleading errors and misstatements. Users must be able to depend on information for decision making purposes.

##### **2.3 Substance over form**

Financial managers must use their judgement in developing and applying an accounting policy that results in information that is relevant and reliable and which demonstrates faithful representation, substance over form, neutrality, prudence and completeness.

##### **2.4 Completeness and accuracy**

Management must strive to ensure that sufficient controls are implemented for information to be recorded in the financial systems as completely and accurately as possible.

##### **2.5 Best interest of the University**

Every employee involved in financial transactions on behalf of the NWU has the responsibility to always act with integrity and in the best interest of the university and to protect the assets of the university.

## **2.6 Estimates, assumptions and judgements**

The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates and assumptions, and management is required to exercise fair judgement in the process of applying accounting policies. Estimates and assumptions must be continually evaluated based on historical experience and other changing factors, including expectations of future events that are believed to be reasonable under the circumstances.

## **3 Basis of consolidation**

The consolidated financial statements must include the results, assets and liabilities of all the different components of the university including institutes, companies, bureaux, educational units and subsidiaries. The financial statements of subsidiaries are consolidated from the date on which control by the university commenced until the date on which the control ceased. Refer to the Accounting Policy regarding detail for the handling of each line item.

## **4 Safekeeping of financial records**

Financial records must be maintained and kept in terms of the NWU's Records Management Policy.

## **5 Authorisation levels**

Approval of transactions must be done in accordance with Annexure 2 to this Policy pertaining to Financial and Contractual Authorization and the Schedule.

## **6 Conflict of interest**

All matters concerning conflict of interest must be dealt with in accordance with the NWU's Conflict of Interest Policy.

## **7 Segregation of duties**

At least two persons must be involved in the authorization and recording of every financial transaction entered into on behalf of the university.

## **8 Assignment of financial responsibilities**

The authority to perform financial functions on behalf of the university other than those assigned in terms of the Schedule may only be assigned to appropriately qualified employees who are actively involved in the functions concerned and have the appropriate knowledge and technical skills to perform those functions, including knowledge of the relevant regulations and policies.

## **9 Data integrity**

Each division of the university must establish and implement procedures to ensure data integrity and every transaction shall be recorded in the university's financial systems in a complete, accurate and timely manner.

## **10 Confidentiality of financial information**

Excluding published information, all other financial information of the university is confidential and will only be disclosed to external parties after approval by the Executive Director: Finance and Facilities or a person expressly delegated in writing by the director to do so.

## **11 Recording of financial information for divisions using separate financial recording systems**

- 11.1 The university's official financial system (Kuali Financial System) may, in some instances, be supported by a secondary financial system.
- 11.2 Any secondary financial system must be pre-approved by the Executive Director: Finance and Facilities.
- 11.3 Transactions reflected in such secondary financial system must be recorded in the university's financial system in an agreed way by the relevant division within the month in which it was transacted.

## **12 Bank accounts and debit orders**

No one may open a bank account in the name of the NWU without the prior authorisation of the Executive Director: Finance and Facilities.

No one may sign a debit order form for expenses against the bank accounts of the NWU without the prior approval from the designated signatories listed with the relevant bank.

## **13 Internal controls**

- 13.1 Line managers must ensure that appropriate policies and procedures with respect to financial controls are implemented and complied with by every employee.
- 13.2 Each employee must report internal control deficiencies to the responsible line manager and to the responsible financial director.

## **14 Internal auditing**

Internal audit activities must be performed in terms of the Internal Audit Charter as approved by council.

## **15 External auditing**

- 15.1 Council must appoint external auditors on a five yearly basis to perform the required statutory audit of the university's financial statements.
- 15.2 Separate audit requirements may include other specifically agreed upon procedures to be performed and may be allocated by the UMC to external auditors as needed from time to time.

## **16 Reporting and investigation of fraud and misconduct**

- 16.1 Offences such as theft, fraud and corruption must be treated and dealt with as serious misconduct in terms of the university's disciplinary codes and procedures.
- 16.2 Every employee must report any questionable conduct with respect to financial matters to Internal Audit.

Original details: (11664754) P:\Policies\2022\Principles of Financial Management.docm  
5 December 2022

Current details: (11664754) [https://nwucloud.sharepoint.com/sites/NWU\\_RAM-PFR/Shared%20Documents/General/Financial%20Policy%20and%20preferential%20procurement%20strategy/2022/Principles of Financial Management.docm](https://nwucloud.sharepoint.com/sites/NWU_RAM-PFR/Shared%20Documents/General/Financial%20Policy%20and%20preferential%20procurement%20strategy/2022/Principles of Financial Management.docm)  
5 December 2022

File reference: 4P\_4\_A



## *Purchases and Payments*

### **FINANCIAL AND CONTRACTUAL AUTHORISATION**

#### **1 Objectives**

The objectives of the financial and contractual authorisation assigned in terms of the attached Schedule are to –

- 1.1 ensure best practices in the administration of the assets of the NWU through a consistent university wide framework of approval authority;
- 1.2 provide clarity of roles and responsibilities in order for administrators and others to manage their respective areas of responsibility in an effective, efficient and transparent manner;
- 1.3 ensure that the university complies with all reasonable requirements set by external agencies, including funding agencies, the South African Reserve Bank or the National Intellectual Property Management Office (NIPMO);
- 1.4 ensure all transactions and contracts undergo authorisation, financial and legal review and approval prior to execution;
- 1.5 ensure that a clear and transparent framework and processes are established and maintained for the exercise of transaction approval and contract signing authority and for the assignment or agency thereof to structures, office bearers and employees of the NWU;
- 1.6 provide for the receiving and making of donations, grants and sponsorships to and on behalf of the NWU;
- 1.7 ensure sound stewardship of all resources and assets of the NWU;
- 1.8 manage NWU insurance risks;
- 1.9 facilitate effective and informed decision-making, and to
- 1.10 provide for consistent accountability and reporting throughout the university.

#### **2 Definitions**

In this annexure –

a **“closed tender”** means a tender given in response to a request for a tender issued by the university to a pre-selected group of potential suppliers in terms of the NWU’s Financial Guidelines;

**“municipal, telephone and statutory expenses”** refers to expenses payable in terms of municipal accounts (including electricity, water, rates & taxes), telephone accounts (excluding cell phone accounts) and tax payable to the Receiver of Revenue;

**“NIPMO”** refers to the National Intellectual Property Management Office;

an **“open tender”** means a tender inviting all interested parties willing and able to render the requested service or deliver the requested product in terms of the NWU’s Financial Guidelines;

**“operating expenses”** means all expenses made in respect of items 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;

**“payments and orders in terms of an approved contract”** means contracts in which the deliverable quantity or action or the price has been pre-determined, including in rental agreements, consultancy agreements, framework agreements and consortium agreements such as PURCO contracts;

a **“telephonic quotation”** means a quote given verbally per telephone;

a **“verbal quotation”** means a quote given verbally in person;

a “**written quotation**” means a quote given in written format can be requested in writing or verbally, as long as the nature, extent and time of the deliverable is clear from the written quote received.

### **3 Rules pertaining to Authorizations**

- 3.1 Financial and contractual authorisations are assigned only by inclusion in the Schedule.
- 3.2 Extraordinary authorizations not covered by or in addition to the Schedule and powers of attorney must be approved by UMC and reported to council.
- 3.3 The authorizations assigned to a structure or functionary apply only to such structure or functionary and to the expenditure and contractual agency in the area of responsibility of the structure or functionary concerned.
- 3.4 An authorization assigned to a specific management level may only be exercised by a superior in the same line of management instead of the assigned functionary in urgent cases where the holder of the authorisation is absent or incapacitated or the position concerned is vacant. Where the function concerned is one exclusively assigned to the vice-chancellor it may in the given circumstances be performed by a deputy vice-chancellor or the Executive Director: Finance and Facilities.
- 3.5 A functionary to whom an authorisation is assigned may not delegate the assigned authority.
- 3.6 These rules apply to all contracts to which the NWU or any component of the university is a party, irrespective of the source of the funds.
- 3.7 Contracts entered into by a structure or functionary of the university bind the NWU as a whole and not only a particular component of the university.
- 3.8 Contracts entered into on behalf of the NWU must be in writing and signed by the relevant authorisation level.
- 3.9 Assignees of contractual and financial authority must take account of the statutory requirements pertaining to the funds of and procurement by the university, particularly sections 34 and 40(3)(a) and (b) of the Higher Education Act 1997.
- 3.10 Assignees of contractual and financial authority must take the applicable policies and procedures of the university into account and must ensure that –
  - a. the funding for the contract or payment concerned has been obtained, either by way of an approved budget, by additional allocations by the Finance Department, UMC or Council, or by increased income generation;
  - b. the contract is reviewed by the university's Legal Services Office and Financial Office, and where applicable by the Technology Transfer and Innovation Support Office and Research Support Office before it is signed;
  - c. tax, intellectual property rights and exchange control implications of the contract and other relevant requirements are clear or have been considered by the relevant offices of the university, including the Internal Audit Office, Finance Office, Technology Transfer and Innovation Support Office, Research Support Office, regarding tax implications, provisions for international transfer of money, Reserve Bank stipulations regarding intellectual property, intellectual property legislation and NWU intellectual property stipulations, and similar considerations.
- 3.11 Assignees of contractual and financial authority must ensure that their compliance with all relevant policies and procedures of the university is properly recorded and evidenced and assignees must ensure that their signing powers are executed in accordance with the relevant operational, capacity and strategic plans.
- 3.12 For the purposes of determining the applicable authorisation level required for entering into a valid contract on behalf of the NWU, the full value of the contract over the full duration thereof plus any VAT thereon must be taken into consideration.
- 3.13 Subject to budget constraints when justified by urgent operational considerations –
  - a. additional contractual expenditure of up to 15% of the original value may be authorised by the functionary concerned, but
  - b. an escalation of the contractual obligations of the university beyond 15% of the original value may only be approved within the framework of the Schedule point 2.3.



- 3.14 The manipulation of the nature and content of transactions specifically the splitting of a contract or invoice with the intent to circumvent the applicable levels of authorisation is not allowed.
- 3.15 Exceptions from the “Other Requirements / Determinants” prescribed in the Schedule may, due to operational necessity, be approved only by the Director: Purchases & Payments, including the following:
- a. where care has been taken to determine that the proposed supplier is the sole supplier of the specific product in South Africa;
  - b. when the execution of the prescribed tender process becomes impractical due to circumstances such as a breakdown where it would only be possible to determine the exact extent of the required expenditure during the repair process;
  - c. ;
  - d. where due to unforeseen circumstances, the time-related urgency of the purchase requires that the tender process be abandoned;
- 3.16 The following expense categories are exempted from the requirements of quotations and tenders in the Schedule, but must be motivated to be approved by the Department Purchases and Payments as and when required:
- a. Training expenses
  - b. Consultation expenses
  - c. Municipal, telephone and statutory expenses.
  - d. Licencing fees
  - e. Sole Suppliers (must be verified per individual case by Department Purchases and Payments)
  - f. Accommodation expenses
  - g. Subscription fees
  - h. Translation expenses
  - i. Entertainers and speakers
  - j. Catering expenses
  - k. Audit fees
  - l. Legal (Attorneys and Advocates) services and fees
  - m. Professional Fees
  - n. Prescribed suppliers by donors to the NWU.
- 3.17 Assets must be acquired against the correct asset commodity code and asset object code and recorded in the Asset Register of the NWU.
- 3.18 The authority to receive and pay grants is assigned as part of the ordinary operational income and expenditure of the university.
- 3.19 The authority to receive and pay sponsorships is assigned as part of the ordinary operational income and expenditure of the university.
- 3.20 Where the proposed supplier has not submitted the lowest or best quotation or tender the approval should be in terms of point 2.3 of the schedule.
- 3.21 The NWU may enter into income generating business agreements with entrepreneurs when opportunities arise without going out on tender, only when –
- (i) the business proposal is of an exclusive nature and contains elements of intellectual property of the entrepreneur;
  - (ii) the proposals made to the university are unsolicited, and
  - (iii) the risk and rewards for the university have been fully explored by the Director BED and presented to the Executive Director: Finance and Facilities for approval.

Original details: (11664754) P:\Policies\2022\Financial and Contractual Authorisation.docm  
5 December 2022

Current details: (11664754) [https://nwucloud.sharepoint.com/sites/NWU\\_RAM-PFR/Shared%20Documents/General/Financial%20Policy%20and%20preferential%20procurement%20strategy/2022\Financial and Contractual Authorisation.docm](https://nwucloud.sharepoint.com/sites/NWU_RAM-PFR/Shared%20Documents/General/Financial%20Policy%20and%20preferential%20procurement%20strategy/2022\Financial and Contractual Authorisation.docm)  
5 December 2022

File reference: 4P\_4\_B



# Schedule of Financial and Contractual Authorisation Levels

NOTE: THIS SCHEDULE, WHICH DEALS WITH *FINANCIAL AND CONTRACTUAL AUTHORIZATION*, IS UNDERSTOOD TO BE THE VEHICLE BY MEANS OF WHICH COUNCIL *ASSIGNS* THE AUTHORITY TO PERFORM CERTAIN FINANCIAL FUNCTIONS ON BEHALF OF THE UNIVERSITY TO THE SPECIFIED BODIES AND FUNCTIONARIES, AND TO ENTER INTO CONTRACTS WITH THIRD PERSONS AS *AGENTS* OF THE NWU.

THESE ASSIGNMENTS AND AGENCIES ARE TO BE DISTINGUISHED FROM *DELEGATION*, WHICH INVOLVES MORE THAN FINANCIAL AND CONTRACTUAL FUNCTIONS: SEE THE PROPOSED NEW POLICY ON DELEGATION WHICH HAS BEEN DESIGNED WITH THE INTENTION OF REDUCING THE CONFUSION BETWEEN DELEGATION, ASSIGNMENT OF FUNCTIONAL AUTHORITY AND AGENCY.

Click [here](#) to access the Schedule

Original details: (11664754) P:\Policies\2022\Schedule of financial and contractual authorisation levels.docm  
5 December 2022

Current details: (11664754) [https://nwucloud.sharepoint.com/sites/NWU\\_RAM-PFR/Shared%20Documents/General/Financial%20Policy%20and%20preferential%20procurement%20strategy/2022/Schedule of financial and contractual authorisation levels.docm](https://nwucloud.sharepoint.com/sites/NWU_RAM-PFR/Shared%20Documents/General/Financial%20Policy%20and%20preferential%20procurement%20strategy/2022/Schedule of financial and contractual authorisation levels.docm)  
5 December 2022

File reference: 4P\_4\_C

## *Purchases and Payments*

### **PROCUREMENT POLICY AND RULES**

#### **1 Objectives and Purposes**

- 1.1 The strategic procurement management objective of the NWU is to optimise the utilisation of the university's financial resources through a procurement process that is fair, equitable, transparent and cost-effective, while also ensuring the attainment of all ancillary policy objectives.
- 1.2 The centralised procurement management structure provides control and coordination without inhibiting evaluation, recommendation and authorisation powers in respect of procurement needs on a decentralised level.
- 1.3 The decentralised operational goal and checks and balances are formalised in a clear and practical set of financial and contractual assignments of authority set out in the Schedule.
- 1.4 Once a decision is taken in accordance with this policy, the centralised Procurement Division executes the actual procurement process and manages it electronically, thereby ensuring the attainment of the aforesaid strategic objective.
- 1.5 The purposes of this policy are to –
  - 1.5.1 establish and maintain a framework for the efficient and effective procurement of goods and services for the university, and to
  - 1.5.2 stipulate general principles and guidelines to be observed in the procurement process, including –
    - increasing buying power through effective coordination of procurement needs to ensure the best possible financial arrangement for the NWU.;
    - ensuring operational stability by providing an uninterrupted flow of goods, services and equipment to the components of the university;
    - ensuring an independent cost/quality appraisal in all purchasing decisions through a centralised procurement division;
    - promoting regional economic development, including giving preference to local suppliers in communities where the university operates, subject to the considerations of price, quality and service, which shall be paramount, and
    - conforming to all statutory and regulatory requirements.

#### **2 Definitions**

In this annexure –

**“authorization levels”** means the levels of authorization provided for in the Schedule;

**“component of the university”** means any structure of the NWU including faculties, schools, academic and support divisions on all campuses, as well as affiliated centres, units, institutes, subsidiaries, associates, companies, close corporations, trusts, other legal persons and legal entities, clubs and societies whose financial records are maintained within the university's financial accounting system;

**“EME”** means Exempted Micro Enterprise, an entity with an annual turnover of less than R10 million;

**“finance committee”** means the financial committee of the council;

**“procurement division”** means the procurement office of the Finance Division responsible for the procurement of all goods and services for the university;

**“procurement guidelines”** refers to detailed rules and regulations prescribed by the UMC pertaining to procurement;

**“goods and services”** includes assets, infrastructure capitalization and maintenance;

“**QSE**” means a Qualifying Small Entity that qualifies for measurement under the qualifying small entity scorecard with a turnover of between R10 million and R50 million;

“**start-up company**” means a recently formed or incorporated entity that has been in operation for less than 1 year. A start-up company does not include any newly constituted enterprise which is merely a continuation of a pre-existing enterprise

“**stores**” refers to designated areas utilised for storing stock items until such a time as it is required for use by a component of the university;

“**supplier**” means any person or organisation contracted to supply the University with goods and services upon notification of an official purchase order

### 3 Responsibilities

- 3.1 The day-to-day management of the procurement process is the responsibility of the vice-chancellor as chief executive and accounting officer of the NWU, who must, together with the UMC and other structures and functionaries referred to in the Schedule, implement the strategic objective stated in 1.1 above.
- 3.2 The specialised procurement division is responsible for the operational aspects of the procurement of all goods and services and must in this regard report to the Executive Director: Finance and Facilities.
- 3.3 Following due authorization, only the procurement division is authorised to place the actual purchase orders in the name of the NWU, or effect the appointment of a contractor, whether for the acquisition of goods, services, infrastructure construction or rights to usage such as equipment lease and rental agreements.
- 3.4 The purchase order process of the procurement division may not be circumvented in any way whatsoever, specifically not by utilising third-party or personal funds, credit lines or any separated university funds, and then claiming the cost back from the university, unless specifically authorised.

### 4 Code of Procurement Ethics and Conduct

Taking into account the conflict of interest policy every employee of the NWU involved in procurement, must adhere to the following rules of procurement ethics, and such employees are bound by it:

#### Integrity

- a. The procurement of goods, services and equipment must be executed with the highest standard of integrity in all business relationships with suppliers, both internally and externally. Any practices, however common in the business world, which might reasonably be deemed improper must be rejected.
- b. Confidential information received during the procurement process must be respected at all times.
- c. Under no circumstances may an employee engage in purchasing activities to exploit their position for personal gain.
- d. Any employee of the university involved in the procurement of goods, services and equipment on behalf of the university must disclose in advance any personal interest, which might impinge on, or might reasonably be deemed by others to impinge on the employee's impartiality in any matter relating to procurement.
- e. A signed written declaration indicating full current details of any personal or immediate family interest in any supplier or potential supplier must be furnished to the person responsible for authorising the purchase requisition or purchase order and copied to the Director: Purchases and Payments.
- f. Employees involved in the procurement of goods, services and equipment on behalf of the university must refrain from accepting gifts and other personal favours of a material nature from any supplier.
- g. Any gift or other personal benefit accepted from a supplier must be declared in writing to the employee's line manager, and if such gift or benefit exceeds R500 in value, it must be recorded in the Gift Register for perusal by the auditors
- h. Should an employee have any doubt regarding the circumstances or propriety of accepting a personal benefit from a supplier, it must be declined and the employee's line manager must be informed of the offer.
- i. Employees in general, but specifically employees in the Procurement Division, are required to provide their full cooperation in the elimination of fraud and corruption, and to be constantly aware of the possible existence thereof in their work environment.

## Competence

- a. Employees in the Procurement Division must foster the highest standards of professional competence in the procurement cycle including optimising the use of all resources for which they are responsible.
- b. The interests of the university must be safeguarded in all transactions and established policies must be strictly adhered to at all times.
- c. All agreements entered into on behalf of the university must be respected and must be consistent with good business practice.

## Suppliers

- a. Employees in the Procurement Division must ensure that all purchases are made without prejudice, with a view to obtaining the best value for money while ensuring compliance with the strategic management objective and ancillary objectives in respect of procurement.
- b. Any arrangement which might prejudice or prevent the effective operation of fair competition must be avoided.
- c. All suppliers capable of providing the required value, quality and service should be afforded an equal opportunity to compete.
- d. Suppliers' representatives must, at mutually convenient or agreed times, be afforded a prompt and courteous reception.

## 5 Supply Chain Management

- 5.1 Supply chain management forms an integral part of the financial management of the university and its implementation and development is the responsibility of the Director: Purchases and Payments under the supervision of the Executive Director: Finance and Facilities.
- 5.2 Supply chain management, generally divided into five subsections, namely demand management, acquisition management, logistics management, disposal management and supply chain performance, requires compliance with general best practice.
- 5.3 Supply chain management must be managed and measured through control mechanisms within the framework set out below in order to ensure optimum utilisation of the university's financial resources:

### Demand Management

- a. This function is fulfilled throughout all components of the university, with the Procurement Division providing the necessary assistance when required.
- b. Goods, services and equipment are divided into four sub-categories for the management of demand within the University context namely specialised goods, non-specialised goods, IT goods and infrastructure construction.
- c. The university has a high demand for specialised goods, services and equipment due to the specialised nature of each component of the university.
- d. The assessment of demand for non-specialised goods is done throughout all components of the university, with due regard to general standards and guidelines set by the Procurement Division and budgetary constraints.
- e. The demand for ICT goods is managed on a centralised basis by the Chief Director: Information Technology, with due regard to general and technical standards and guidelines set by the ICT department and budgetary constraints.
- f. The final decision in respect of ICT goods requirements is made within each component of the university with regard to its specific area of responsibility, subject to standards and guidelines set by ICT department.
- g. To ensure that procurement demands are met successfully and efficiently, a needs assessment must be made regularly in order to guide the acquisition of goods and services, involving various actions, including –
  - identifying and understanding future needs;
  - estimating the frequency of the need;
  - determining specifications of goods, services and equipment to be procured;
  - identifying required delivery dates by taking into account optimisation of usage of available funds;

- linking requirements to available budgets;
- doing an expenditure analysis;
- doing an industry analysis, and
- comparing alternatives.

### **Acquisition Management**

- a. Efficient acquisition management is an essential factor in ensuring that the strategic management objective and ancillary policy objectives of the university are met.
- b. Once the demand for specific goods, services and equipment has been established, and following due approval in accordance with the Schedule, the actual acquisition thereof is effected by the Procurement Division.
- c. The operational process involved in the acquisition of goods, services and equipment is prescribed by the Manager: Procurement Division and must be kept current and published on the university's intranet.
- d. All relevant factors must be taken into account in the university's acquisition management, including –
  - the determination of the most appropriate strategy in approaching the various markets;
  - transformation, preferential procurement and local economic policy objectives prescribed by the UMC in its Financial Guidelines;
  - the total cost of ownership principle, including life cost and inventory carrying cost;
  - the need for compiling standard contracts and tender documents;
  - the need for procedural rules in respect of determining contract and tender evaluation criteria, evaluating contracts and tenders and making recommendations, and
  - the rules pertaining to the signing of procurement contracts and tender documents set out in the Schedule.

### **Logistics Management**

- a. For the proper functioning of the university, it is important that goods, services and equipment are available when needed and that available funds and resources are optimally utilised.
- b. The logistics of goods and equipment provided to the university is managed by appropriately classifying such goods and equipment and by keeping an up-to-date stock register and asset register.
- c. Stock registers are kept and updated by the various store officers in charge of university stores and the asset register is kept and updated by the Accountant: Fixed Assets.
- d. It is ultimately the responsibility of the Procurement Division to ensure that all goods, services and equipment are available as and when needed throughout all components of the university.
- e. The Procurement Division's duties in this regard include, but are not limited to:
  - expediting orders;
  - transport management;
  - determining product standards in cooperation with the user Divisions in a continuous effort to improve standards and specifications of products;
  - vendor performance evaluation;
  - receiving and distributing goods and equipment; and
  - optimising available funds by inter alia taking into account the required dates for delivery as set in the demand management process.
- f. The generation of payment to suppliers occurs after completion of the logistics management process.

### **Disposal Management**

- a. The electronic asset register forms the basis of the disposal management process.
- b. A database of redundant goods is created and updated by using the information available on the asset register and depreciation calculations.
- c. Planning for future disposals is done by the Accountant: Fixed Assets, with the assistance of the Director: Governance, Reporting and Treasury.

- d. The final decision in respect of re-use or disposal of redundant goods is made in consultation with the relevant component of the university using the items concerned.
- e. Optimisation of usage of available resources will form the basis of any decision regarding the re-use or sale of redundant goods.
- f. The operational aspects of the disposal of assets other than computer and related equipment are executed by the Inventory Administration Section in conjunction with the Accountant: Fixed Assets. This must be dealt with as far as possible on an auction or tender basis. Disposal of individual items of computer equipment must be authorised by the Accountant: Fixed Assets.
- g. It remains the responsibility of management units of the University to consult with the Fixed Assets Division in order to identify surplus or redundant furniture and equipment for disposal or re-allocation.

## 6 Broad-based Black Economic Empowerment

### 6.1 Policy

- a. The university is committed to both the principles and the practical implementation of broad-based black economic empowerment. To this end, it will follow a phased approach to implement, measure and monitor progress on black economic empowerment and will strive to reach the targets set by the national government in respect of qualifying procurement spend with black empowered enterprises or black-owned enterprises.
- b. All suppliers will be identified as being generic, QSEs, EMEs or Start-up companies, and will be required to provide the university with either a broad-based scorecard or proof that it is exempted from providing a scorecard in terms of BBEE legislation. Scores obtained by suppliers in terms of legislation will be one of the criteria in terms of which suppliers are selected.
- c. The process of supplier and tender evaluations must be simple, workable and effective.
- d. Without compromising quality, standards, service levels or price, the procurement process of the university will be a fair, equitable, transparent, competitive and effective process that will enable all service providers, regardless of race, gender or ethnicity an equal opportunity to do business with the university, whilst complying with the requirements of the BBEE legislation laid down by government.

### 6.2 Implementation

- a. This policy is being implemented in accordance with the requirements of Government Gazette 36928 published in October 2013 on the BEE Codes of Good Practice and the BBEE guidelines, and subsequent amendments.
- b. The 10 principles for preferential procurement that was approved by Council at its meeting of 18 March 2019 must be incorporated in the guidelines and processes to ensure that effect is given to these principles. Constant monitoring and reporting of the progress of the preferential procurement of the NWU should be reported at least annually to the relevant forums, including Council and relevant Council sub committees.

Original details: (11664754) P:\Policies\2022\Procurement Policy and Rules.docm  
5 December 2022

Current details: (11664754) [https://nwucloud.sharepoint.com/sites/NWU\\_RAM-PFR/Shared%20Documents/General/Financial%20Policy%20and%20preferential%20procurement%20strategy/2022\Procurement Policy and Rules.docm](https://nwucloud.sharepoint.com/sites/NWU_RAM-PFR/Shared%20Documents/General/Financial%20Policy%20and%20preferential%20procurement%20strategy/2022\Procurement Policy and Rules.docm)  
5 December 2022

File reference: 4P\_4\_D