

UNIVERSITY SPORT SOUTH AFRICA

FINANCIAL POLICY

**The following terms and abbreviations
should be interpreted in the context of this constitution**

USSA	-	University Sport South Africa
NEC	-	National Executive Committee of USSA (Constitution, Article 8.1)
Secretariat	-	The National Office of USSA
Council	-	The Council of USSA (Constitution, Article 8.2)
Province-		Provincial Committees of USSA (Constitution, Article 8.3)
Association	-	National University Sport Association (NUSA) of USSA (Constitution, Article 8.4)
MANCO	-	Management Committee of the USSA NEC
Member -		Tertiary institution affiliated to USSA (Constitution, Article 8.5)
CEO	-	The Chief Executive Officer of USSA (Constitution, Article 8.1.6)
Staff	-	Full-time employee of USSA (Constitution, Article 8.1.11.2)
Meeting	-	Meetings taking place under the auspices of USSA on a provincial, regional, sectoral and national level
AGM / SGM	-	Annual General Meeting / Special General Meeting of USSA
Sports	-	Sports recognised by USSA
BDO	-	BDO South Africa Incorporated Chartered Accountants (S.A.)

The following financial principles shall apply:

1. All financial transactions and/or financial aspects of USSA must be managed, controlled and audited.
2. No overspending should be allowed. A well-managed budget and structure prevent overspending.
3. Expenses shall not be approved if the request is not accompanied by the necessary documentation.
4. The basis of USSA's financial system should be budgeting, controlled expenses and auditing.
5. This financial policy and structure shall be applicable to all USSA substructures.

1. ACCOUNTING

1.1 Function

The CEO shall keep proper books of account, which books shall record all financial transactions by USSA, and such books of account shall be reconciled regularly with the banking account of USSA.

1.2 Bank reconciliation

Bank reconciliation is done monthly of all USSA accounts and verified bimonthly by an approved accounting/auditing firm, currently BDO South Africa Incorporated (BDO). All vouchers are retained for audit purposes.

1.3 Banking

The CEO, as authorised by the NEC and Council, shall open and operate a banking account(s) with a registered banking institution in South Africa in accordance with the financial regulations approved by Council. Cash and payment instruments are banked daily.

1.4 Payment Instruments : General Control

- (a) Payment instruments shall be locked away at all times. Numbers of issued versus not issued instruments or vouchers are verified by a person other than the one responsible for issuing, i.e. an Accounting Officer of BDO.
- (b) All payment instruments with a value greater than the applicable insured amount under the shortterm insurance policy are paid into/transferred to the beneficiary's bank account or delivered by hand and proof of delivery is obtained immediately. Detailed remittance advices accompany such instruments
- (c) All cash and other payment instruments received are entered into a register and verified by a person other than the one responsible for receiving and depositing. The former also compares the register with the deposit book and bank statements on a bimonthly basis, i.e. an Accounting Officer of BDO.

1.5 Computer programme

Accounting software for Windows or similar approved by USSA's external auditors.

1.6 Financial statements

Financial statements are compiled annually in a format annually agreed upon by the NEC and the external auditors, and in accordance with generally accepted accounting practice.

1.7 Format

Activity-based costing.

1.8 General Control

- (a) Persons initiating income/expense, should indicate the applicable budget item.
- (b) Signatories on payment instruments and payment requisitions or persons approving payment vouchers, should ensure that they are in accordance with policy.

- (c) The CEO and the Accounting Officer of USSA's Accountants (BDO) reviews the nominal ledger bimonthly in order to ensure that transactions have been correctly recorded and income and expenditure are in accordance with budget.

1.9 Petty cash

The National Secretariat of USSA may operate a petty cash account with the following limits:

- (a) South African Rand: R1 500 (one-thousand-five-hundred-rand);
- (b) Foreign currency: USD2 000 (two-thousand-US-Dollars).

Cash shall be locked away at all times. The CEO shall keep proper book of all cash transactions, which shall be reconciled regularly with banking accounts in association with the Chief Finance Officer of USSA and the Accounting Officer of USSA's Accountants (BDO).

1.10 Loans

The loan of USSA funds to individuals are not permitted.

1.11 Vouchers

- (a) **Advances:** Advances pertaining to special approved projects are permissible for travel and accommodation expenditure providing that a full reconciliation (including any amounts owed to USSA) is done within two weeks of return/completion of the project.
- (b) **Invoices:** USSA registered as a vendor for VAT, shall issue electronic Tax Invoices by means of accounting software (e.g. Xero Accounting) approved by auditors.
- (c) **Journals:** A journal register and vouchers file is kept. Each journal voucher is accompanied by supporting documents or, if the latter do not exist or apply, a satisfactory statement explaining the reasons for the journal entry. Before posting, all vouchers are approved by the CEO and, in exceptional cases, countersigned by the Chief Finance Officer or President of the NEC.
- (d) **Payment of vouchers:** All payment vouchers are accompanied by an approved requisition/authorisation, or by an extract from the minutes of a meeting approving the supply of the goods/services concerned. Claims for expenses incurred by staff members and other persons, for which USSA is responsible, are made on the prescribed form (or in exceptional circumstances in a letter) and approved by the CEO. Claims are only paid at the tariffs as approved by Council. Documents in support of all expenses incurred against non-standard tariffs (e.g. hotel and entertainment costs) must accompany the claim form. Deviations from standard tariffs must be motivated and approved by the CEO. All claims, whether submitted on prescribed forms or in a letter, must be completed and signed by claimants. Claims submitted by USSA staff members on behalf of others shall not be considered for payment.
- (e) **Receipts:** Payment receipt vouchers contain the following information: from whom received, date received, amount, purpose (budget item), and initials. Receipts must be issued for all cash amounts received.

2. ALLOWANCES (Travel, Accommodation and Entertainment)

2.1 Principles

- (a) Allowances are not an additional source of income but staff members are also not expected to subsidise USSA.

- (b) Allowances must be sufficient, taking income tax implications into consideration, to ensure that a staff member stays overnight in at least the same degree of comfort as in his/her own home.
- (c) Staff members are entitled to stay overnight or depart a day prior if circumstances or flight times/travel duration could cause unnecessary discomfort/danger.
- (d) Allowances are to be incurred with discretion, in accordance with the approved budget, and should be to the benefit of USSA.

2.2 Amounts

Determined annually by the NEC – Refer to Annexure A.

3. ASSETS (Fixed)

3.1 Control

- (a) A detailed computerised register as per auditors' requirements is duly kept.
- (b) Property of USSA is distinguished from property belonging to others.
- (c) Existence is verified twice a year and register certified accordingly.
- (d) The NEC is informed of obsolete assets with the annual submission of the budget.
- (e) The register is balanced quarterly with the ledger account.

3.2 Depreciation

- (a) Straight line method @ 15% p.a. for office equipment and furniture.
- (b) Straight line method @ 33,33% p.a. for computers and peripheral equipment.
- (c) Straight line method @ 50% p.a. for computers software.

3.3 Sale of obsolete equipment

The sale of obsolete items are done by means of tender (firstly to members) and adjudicated by the MANCO and CEO.

3.4 Writing off

Assets with a purchase price of less than R750 are written off at the time of purchase and a nominal book value is allocated.

4. AUDITORS

Auditors are appointed annually by the NEC for ratification by the AGM for the forthcoming year, after finalisation of the audit for the previous financial year.

5. BUDGET

5.1 Adjustment

The CEO is empowered to adjust approved line budget items up to 50% within total budget. Adjustments in excess of 50% to be approved by the NEC and Council.

5.2 Compilation and approval

The budget is compiled annually by the CEO and submitted to the NEC and Council for approval.

5.3 Control

The CEO is responsible for income and expenditure in accordance with the approved budget.

5.4 Format

The format of the budget shall be in accordance with the agreement between the NEC and the external auditors, and generally accepted accounting practice.

6. EXPENSES, AUTHORISED LIMITS AND SIGNATORIES

6.1 Authorisation/Approval

- (a) The general principle is that an approved budget lends authority to incur expenses in accordance with the budget and within parameters laid down in this policy document.
- (b) All requests for incurring expenses are made on prescribed forms such as requisitions, claim forms, memoranda, etc. The CEO approves them or refers them to the Management Committee.

6.2 Signatories

There shall be two (2) signatories to every payment instrument drawn on the banking account, one of whom shall be the President and/or Chief Finance Officer and/or CEO and/or any other official delegated by the NEC.

6.3 General

- (a) Computer generated signatures duly authorised in writing (e-mail) by the relevant signatory, are allowed on any documents with financial implications.
- (b) The CEO is responsible for ensuring that cash flow is sufficient before any payments are made.

7. DOCUMENTS

All financial documents are kept for five years.

8. FINANCIAL YEAR

The financial year of USSA shall commence on the first day of January and end on the last day of December of each calendar year.

9. FUNDS

9.1 Adjustment

Evaluated annually and adjusted in accordance with needs.

9.2 NSSA funds

The management and accounting function for the National University Sports Associations (NUSA) of USSA, is entrusted to the National Secretariat. The main implication being that no funds will be administered directly by a NUSA and that separate control accounts shall be created for the various associations. No overspending should be allowed. All investment revenue earned or tax rebates (if any) shall be credited to USSA to cover management and project costs.

9.3 Institutions funds

USSA may, at the request of member institutions, enter into a joint agreement to hold a separate control account (referred to as a Loan Account) of any credits that is due to the institution. Such funds shall be administered directly by the National Secretariat of USSA for purposes officially approved by the institution. No overspending should be allowed. All investment revenue (if any) earned during the period when this agreement is in place, shall be credited to USSA to cover administration costs to maintain the account.

9.4 Fixed cost reserve fund

A fixed cost reserve fund serves to cover staff salaries and the office rent of the Secretariat for at least three (3) months in advance. This fund will serve as a backup to allow USSA to wind up its activities should the Secretariat be forced to close down.

9.5 Leave gratuity fund

A leave gratuity fund provides for the payment of accumulated leave of staff members at retirement/resignation/restructuring in accordance with the service conditions of the Labour Relations Act. The NEC shall determine whether newly appointed personnel may transfer accumulated leave to USSA as well as the maximum number of days that will be permitted.

9.6 Tours and project fund

A tours / project fund is accumulated from surplus income generated from specific projects. This fund will then serve as a backup for other projects or to assist needy students financially to participate in international events.

9.7 Replacement reserve fund

To provide for replacement of fixed assets in instances where it is not feasible/possible to be costed out of current funds or working capital.

10. INVESTMENT INCOME

10.1 Current Bank Account

The amount in the current bank account of USSA must at all times be sufficient to cover cash flow requirements. The CEO periodically negotiates with the bank manager to obtain the highest possible rate of interest.

10.2 Investments

Funds in excess of cash flow requirements are periodically invested in low risk, high return options offered by financial institutions that have been approved by the NEC and AGM. Written quotations from at least three approved institutions are obtained and the investment is approved by the CEO.

10.3 Control and reporting

The CEO monitors investment income monthly and submits quarterly reports to the NEC.

10.4 Register

An investment register is duly kept.

11. INSURANCE

11.1 Broker

Quotations are obtained bi-annually from reputable brokerage firms, preferably from those who handle member institutions' business. The CEO submits the quotations to the NEC for consideration and decision.

11.2 Types

Insurance cover shall be sufficient to ensure adequate cover for USSA and staff members against all reasonable liabilities and losses. Submitted annually with the budget for approval by the NEC and Council. USSA shall carry all losses up to R2 000 in order to keep premiums to a minimum.

12. LEAVE

12.1 Application and approval

Applications for all types of leave are done on prescribed forms. No leave (except sick and compassionate leave) is taken before approval. The CEO approves all applications. In the case of sick and compassionate leave, the CEO is, if possible, informed telephonically/personally and a leave form completed as soon as circumstances allow.

12.2 Control/Register

- (a) The CEO indicates on the prescribed form the number of days to the applicant's credit, before approval.
- (b) A register is duly kept and updated monthly by the CEO.
- (c) The register is audited annually by external auditors.
- (d) Staff members are informed quarterly of leave credit.

13. **MAIL**

13.1 **Procedure**

All official mail (received by post or by hand) is opened in the presence of the CEO or his/her designated persons.

13.2 **Payment Instruments**

Cash and other Payment Instruments are immediately entered into a register and initialled by the CEO or his/her designated person. Funds received are banked daily.

14. **PURCHASES**

14.1 **Approval**

Letters of engagement and term of appointment (MOU) should be issued to all approved service providers and/or suppliers. Consideration should be given to supplier rotation and BEE suppliers

14.2 **Assets**

Purchases of assets are channelled through the CEO in order to ensure optimal utilisation of assets. All assets are recorded in the asset register of USSA.

14.3 **Order Forms**

Official order forms duly signed in accordance with 6.3 above, are completed for all purchases, except for services for which written contracts exist or staggered supply on contract.

14.4 **Quotations/Tenders**

For purchase of all items not on USSA contract, the following limits apply:

- | | | |
|-----|--------------------|--------------------------|
| (a) | Up to R10 000 | : Quotation not required |
| (b) | R10 001 to R25 000 | : One quotation |
| (b) | Over R25 000 | : Three quotations |

15. **REMUNERATION SERVICES**

15.1 **Function**

The administration of the remuneration function of USSA shall be entrusted to an approved auditing firm, i.e. BDO South Africa Incorporated.

15.2 **Authorisation**

The MANCO in conjunction with the NEC and the respective tertiary education structures, shall annually determine the remuneration packages of the staff.

16. **SECURITY**

16.1 **Computer back-ups/computer programmes/financial records**

All computer programmes and licences, and all financial records are locked away in suitable cabinets. Back-ups of all computer systems are done quarterly, and duplicate sets kept at the home of the CEO or any other approved secure location.

16.2 **Documents and cash**

All cash, payment instruments, receipt books, order forms, negotiable documents or other related items are kept locked at all times when not being used. All original contracts and accounting vouchers are locked away in suitable cabinets.

16.3 **Furniture and equipment**

All staff members are responsible for reducing the risk of theft of furniture and equipment in their offices (e.g. by locking offices where possible).

16.4 **Safes and safe keys**

Safes are kept locked at all times. One set of keys is kept by the CEO and the other by a person designated by him/her. Both sets are removed from the premises every evening.

17. **TAX**

17.1 **Company/income**

- (a) **Returns:** Employees Tax (PAYE), Skills Development Levy (SDL) and Unemployment Insurance (UIF) forms, are duly completed and submitted to the Receiver of Revenue before the 7th day following the end of a tax period. Tax is paid before or on said dates. Payment Instruments in favour of the Receiver of Revenue are delivered by hand to avoid a penalty for late submission.
- (b) **Records:** Kept for 5 years in accordance with applicable legislation.

17.2 **Value Added Tax (VAT)**

- (a) **Registration:** USSA is a registered VAT vendor with the South African Revenue Service (SARS). Such registration includes all official substructures of USSA, i.e. sports associations, committees, subcommittees and forums.
- (b) **Invoices/credit notes:** Shall be issued for services rendered/to be rendered in accordance with the applicable legislation. Obtained where VAT can be claimed, specifically in instances where USSA is responsible for travel and accommodation costs, invoices are to be made out in the name of USSA (even if a staff settles claim).
- (c) **Returns:** Tax forms, detailing input and output tax, are duly completed and submitted to the Receiver of Revenue before the 25th day following the end of a tax period. VAT is claimed/paid before or on said dates. Payment Instruments in favour of the Receiver of Revenue are delivered by hand to avoid a penalty for late submission.
- (d) **Records:** Kept for 5 years in accordance with applicable legislation.

18. MEMBER PURCHASES

In instances where a member can benefit by purchasing commodities through USSA, an official order is placed and income and expenditure done on a control account, providing that:

- (a) the member pays before the order is placed/delivery is made;
- (b) it does not jeopardise the applicable agreement/contract;
- (c) the amount saved justifies the administration involved.

19. TELEPHONE/FAX

19.1 Cellular phones

The allocation of cellular phones and internet modems to staff members must be approved by the CEO and MANCO.

19.2 Official use

Calls are kept short and to the point, with a maximum of 5 minutes as the ideal.

19.3 Private use

Private calls are kept to a minimum. Staff members are expected to discourage unnecessary incoming calls, faxes and e-mails. Sending of private faxes or e-mails are only allowed in exceptional circumstances, and with the approval of the CEO. Personnel members carry the cost of private calls/faxes in excess of R100.00 per month (total, both cell and ordinary). They are responsible for keeping record and making payment before USSA's telephone accounts are settled. Receipts are issued.

20. VEHICLES

20.1 Allowance

The allocation of employer vehicle subsidies and motor vehicle allowances is at the discretion of the NEC.

20.2 Private vehicles/motor allowance vehicles

Staff members required to use their own vehicles for approved USSA business/duties, shall be reimbursed at the official tariff. A private vehicle used for official journeys must carry the necessary insurance endorsements. Responsibility for ensuring that this requirement has been met rests entirely with the person using the private vehicle for official purposes. Compensation for use of private vehicles is made in accordance with the tariffs approved by the NEC.

With due reference to the above general conditions, USSA will compensate a staff member for any additional costs which may result from the use of his/her private vehicle (e.g. increased insurance premiums, loss of no-claim bonuses, excess payments, etc. arising from an accident occurring on an official journey) provided that the personnel member is not guilty of negligent driving. Should a staff member elect to use his/her own transport rather than public transport, the cost of an economy class air ticket will be paid out. Should personnel members travel together, only one will be entitled to such payment.