

QUALITY MANAGEMENT SYSTEM



B.I-1

TITLE: SOP: FINANCIAL MANAGEMENT

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Title: CHIEF FINANCIAL OFFICER	Title: REKTOR / RECTOR
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Signatures	

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I. PROCEDURES

I.1 BUDGETING

The annual operating budget of the College is a statement of proposed income and expenditures for a particular fiscal year. This financial information is summarized in the College Budget Summary for Operations. The Budget Summary is a proposed plan of action for campus programmatic initiatives. It identifies the proposed sources of funds to finance programs, as well as the functional nature of the expenditures (for example, instruction, research, or public service).

All Schools and Departments of the College are consulted during the process of finalising the budget for the coming financial year, and will treat the practical and financial feasibility of all their planning, operations and associated management decisions as an a priori in all budgeting requests and decisions.

When approved by the Board of Directors, this document is the College's authorization to incur expenditures and to collect and apply the revenues to the appropriate activities.

The budget operating function utilizes budget operating systems which update, maintain, and monitor the operating budget throughout the fiscal year.

Budgetary control is one mechanism used by the College to regulate, direct, and coordinate its activities and affairs. The budget also provides all levels of management with an effective analytical tool for measuring estimates against actual results.

I.2 BANK ACCOUNTS

Accounts will be reconciled at least monthly by the Finance Department. Reconciling items should be separately identified and reported to the Chief Financial Officer. To ensure that the College's cash balance is accurately stated, any items which appear on two consecutive reconciliations will be recorded to a control account. These transactions will continuously be monitored until they are resolved.

I.3 PETTY CASH (RECEIPTS AND PAYMENTS)

Petty Cash Funds are cash advances granted to individuals by Hugenote Kollege to facilitate payment of minor expenditures. The liquid nature of cash requires that those involved with the management of these funds comply with the following policy which details responsibilities and control requirements.

- I.3.1 Only legitimate monetary (i.e. out of pocket) expenses related to approved Hugenote Kollege business may be reimbursed to a claimant using Petty Cash.
- I.3.2 Once a claimant is reimbursed via Petty Cash, these same expenses cannot be used for any other reimbursement against other Hugenote Kollege funds, for any claim to another organization or for income tax purposes.

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- I.3.3 Any violations of this Policy that are determined to be a willful attempt to defraud the College, will result in sanctions, up to and including termination of employment.
- I.3.4 Petty Cash may be used for minor expenditures and/or re-imbursement of these payments are less than the amount to be determined from time-to-time. Any expenses in excess of this published limit incurred personally by Hugonote Kollege employees must be claimed via a Request for Expense Reimbursement in order to receive the appropriate approvals.
- I.3.5 Original receipts are required for all expenses being paid and/or claimed except for mileage claims, and gratuities paid in cash. Photocopies or facsimiles of receipts are not acceptable.
- I.3.6 The Chief Executive Officer / Rector is responsible for authorizing the creation, changes to and closure of a Petty Cash fund, as well as appointing a Petty Cash Custodian.
- I.3.7 The Petty Cash Custodian is responsible for the safekeeping, dispensing, and replenishment of petty cash according to the published policies and procedures.
- I.3.8 Approval and reimbursement of an expense via Petty Cash funds does not constitute final acceptance. All Petty Cash receipts are subject to subsequent review and adjustment by the Financial Department, Internal Audit. The final decision related to any adjustment rests with the Financial Department. Amounts refused must be reimbursed personally by claimants.

I.4 RECEIPTS AND DEPOSITS

It is essential that particulars of all monies due to Hugonote Kollege are identified and appropriately recorded so that they may be collected on or before the due date.

All Revenue transactions must be promptly and accurately recorded in the Hugonote Kollege Finance System in appropriate accounts that will enable the production of meaningful financial and management reports.

Deposits received directly into any of the bank accounts should be recorded on a daily basis and appropriately allocated (on the financial system in use at the time).

All cash from any source collected for the College should be identified and a receipt issued to the payer. These receipts should be recorded and allocated on a daily basis (on the financial system in use at the time). The 'cash accounts' as recorded should be reconciled at least once a week. Deposits into the relevant bank account must be made if the cash on hand reaches R10 000.00 or more, or when R5000.00 has been accumulated. If money is collected after hours or on holidays or weekends, the receiving department is responsible to ensure the security and safe-keeping of the money until the next available business day. No part of any monies collected may be used to pay bills or expenses of

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any kind without proper authorization, nor may the monies be deposited elsewhere unless authorization has been received for the use of a bank depository or direct deposit to a Huguenote Kollege bank account.

I.5 PAYMENTS (CASH AND ELECTRONIC FUNDS TRANSFER)

No expenditure of Huguenote Kollege funds should be incurred or committed unless:

- funds are available
- the proposed expenditure is appropriate for Huguenote Kollege purposes
- the proposed expenditure is being made in terms of an approved delegation
- expenditure incurred is in line with the approved Huguenote Kollege budget, unless special approval is obtained from the Chief Executive Officer / Rector.

Staff allocating expenditure must ensure that account codes properly portray the nature of the expenditure and the program against which the expenditure has been charged. Under no circumstances should Huguenote Kollege expenditure be incurred for private purposes. Approval to incur expenditure rests with the Chief Executive Officer / Rector who can delegate levels of financial authority and responsibility to various positions.

All payments have to follow a 2 tier process. One person in the financial team (normally the bookkeeper) will prepare payments with the necessary documentation which include appropriate approval for the relevant expenditure. Preparation will include cash payments and/or loading the Electronic Funds Transfer on the relevant bank account. The payments (cash and/or Electronic Funds Transfer) will then be finally authorized for payment by a person mandated by the Board of Directors. Urgent Electronic Funds Transfers will be made on once a week on a Thursday and all other payments will be made on the first Thursday of the month after the request has been received. Monthly suppliers being paid a month after the statement is received will be paid on the last day of the following month.

Open ended contracts (those which do not have an expiry date) will not be recognized, as all commitments must state a time period for the duration of the contract/arrangement. It is expected that these arrangements will be regularly reviewed prior to extension. Normally this time period would be for an initial 12 months, with or without the option to extend for a maximum of two further twelve month periods.

I.6 ACQUISITION AND DISPOSAL OF FIXED ASSETS

The Chief Executive Officer / Rector is responsible for the strategic management of Huguenote Kollege's Assets, including its Property and Equipment.

The College maintains a “Fixed Asset System” to record “Fixed Assets” and other specified items for control purposes and to enable the regular write-down (depreciation) of “Fixed Assets” due to deterioration and wear.

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I.7 FILING

‘Financial document’ filing to be done by Hugenote Kollege’s General bookkeeper in conjunction with the rest of the financial department.

All financial documents must be kept for a period of 5 years after the date of submission of the tax return for the relevant year. Two years of data will be kept in the Finance offices and the previous 3 years in Archive.

Financial documentation that is older than the 5 years as mention above, should be discarded of in an appropriate manner at the end of the 5th financial year end of the company.

