

University of the Western Cape			
 <p>UNIVERSITY of the WESTERN CAPE</p>	Grants and Contracts	Document Type	Policy
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Grants and Contracts Policy

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Part A: General Principles

1. Introduction

The University of the Western Cape “the University” is a higher education institution established and constituted in terms of the Higher Education Act 101 of 1997, as amended.

The financial resources of the University include Council Managed Funds and Grants & Contracts.

Funds which originate from Grants and Contracts are referred to as Restricted Use Funds. Restricted Use Funds comprises a significant number of Grants & Contracts that is strategically aligned in achieving the Universities Institutional Operating Plan objectives.

The University aims to implement and regulate the responsible, transparent and accountable administration of the Restricted Use Funds received in terms of grants and contracts. Including the receipt, application and accounting thereof.

The University is committed to administration of Restricted Use Funds in a fair, transparent, efficient and cost-effective manner.

2. Purpose

The purpose of this policy is to develop and maintain a sound and sustainable financial and accounting administration framework, and to serve as terms of reference to the University community in respect of Restricted Use Funds. The following aspects as may be applicable to the administration of Restricted Use Funds are identified and addressed in this Policy:

- 2.1 Identification of the sub-categories of Restricted Use Funds through Grants and Contracts; Responsibilities and accountability of various University stakeholders;
- 2.2 General principles applicable to Grants and Contracts and the administration of Restricted Use Funds;
- 2.3 Creation and management of Project Cost Centres for Restricted Use Funds;
- 2.4 Financial reporting for external and internal stakeholders of Restricted Use funds;
- 2.5 Consolidation of Project Cost Centres for specific University units, institutes, schools, centres, departments and faculties;
- 2.6 Advising Budget owners/Grant Holders/Principle Investigators regarding grant/funds terms and conditions;
- 2.7 Regulation of business activity and business processes;
- 2.8 Provide financial assurance and audit assurance to stakeholders;

- 2.9 Clarify roles and responsibilities;
- 2.10 Institutional Operating Plan (IOP) objectives.

3. Scope

3.1 This policy applies from date of implementation to all current and future Grants & Contracts and the administration of Restricted Use Funds obtained therefrom.

3.2 The rules stipulated within this policy shall be read, understood and applied by all parties involved in the control, execution, administration and management of Grants and Contracts and the Restricted Use Funds received in terms of same, including but not limited to:

- a) Designated Authorities;
- b) Deans and Directors of Institutes;
- c) Budget Owners/Principal Investigators/Grant Holders;
- d) Researchers;
- e) Faculty and Institutes financial administrators;
- f) Grants and Contracts department;
- g) Business Innovation Centre; and
- h) Central Finance Department.

4. General Principles applicable to Grants & Contracts Funding

4.1 Any funds deposited with, or held by the University, is under the custodianship of the University;

4.2 The Budget Owner/Grant Holder/Principal Investigator is financially accountable for such funds;

4.3 The following is strictly prohibited:

- 4.3.1 holding funds for private use in a University account or entity;
- 4.3.2 Using the University or its structures for private business transactions;
- 4.3.3 Using the University as a conduit for private business transactions
- 4.3.4 The use of University structures and assets for personal benefit or gain;

4.4 All funds received for the benefit of the University must be received by the University through the University's official bank account.

4.5 Restricted Use Funds deposited with or held by the University may only be used for the purpose as set out in the Grant or Contract.

- 4.6 The Executive Director: Finance and Services has the authority to suspend the operation of a Project Cost Centre if there is any suspected unauthorised activity or unauthorised or irresponsible expenditure, which suspension may take effect on notice.
- 4.7 Any expenditure that is not implicitly or explicitly stated in the contract with the Donor/Third Party is considered unauthorised expenditure and is prohibited. Any expenditure contrary to the contract with the Donor/Third Party constitutes a form of unauthorised expenditure.
- 4.8 All contracts shall be signed by any one of the University designated authorities. Currently, this is the:
- i. Vice Chancellor;
 - ii. Deputy Vice-Chancellor: Academic;
 - iii. Deputy Vice-Chancellor: Research; and Innovation;
 - iv. Deputy Vice-Chancellor: Student Development & Support; or
 - v. Executive Director: Finance and Services.

Refer to the Policy on Legal Matter and Signing of Contracts and Agreements as well as the delegation of authority.

5. Part B: Definitions

Terminology	Definition
Advance Contracts	Income is received from the donor/third party, prior to expenditure being incurred.
Applied Research	The application of new knowledge into a process or product, or the transfer of existing knowledge into a new process or product, for the benefit of the research contractor or for the immediate purposes of commercialising the product.
Basic Research	Primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any particular application or use in future, no prospects of commercialisation.
Budget Owner / Grant Holder/ Principal Investigator	<p>The Budget Owner/Grant Holder is responsible for the Project Cost Centre and approves expenditure, transfers and user access to the Project Cost Centre within the university's financial systems in line with this policy.</p> <p>The Principal Investigator is responsible for the implementation, reporting and delivery of the outputs associated with a contract. These outputs relate both to financial compliance and delivery of the obligation in terms of the contract.</p> <p>The Principal Investigator and the Budget Owner/Grant Holder may be the same individual.</p>
Conditions of Grant/Contract	Terms and conditions associated with a specific Contract.

Contract	An agreement that creates one or more obligations between the University and the Donor/Third parties.
Contract Research	Consulting, sub-contracting, clinical trials, donor/third party receives reciprocal deliverable (testing results, analysis, IPR, license, financial rewards, use/distribution rights), deliverable to the funder.
Deficit	Is the amount of expenditure exceeding income at the conclusion of the contract or reporting period, after all project objectives have been achieved.
Delegated Authority	As signatories who are mandated by the council of the University to sign contracts on behalf of the University. Currently, these are: <ul style="list-style-type: none"> - The Vice Chancellor - DVC – Academic - DVC – Research & Innovation - DVC – Student Development & Support - Executive Director: Finance & Services.
Donations	Amounts given by a donor / third party to the University without return

Terminology	Definition
	consideration (and without conditions).
Donor / Third Party	The party with which the University has entered into a contract to contribute financially (and/or to provide goods or services) to the University. Multiple donor/third parties might contribute to the same project if stipulated and agreed to in the contract.
Expenditure Incurred	Any decrease in economic benefits as a result of an outflow of funds. Expenditure must be allowed in to the terms and conditions of the Contract/Project.
Foreign Exchange Differences	Losses or gains incurred as a result of exchange rate fluctuations from the timing difference between the receipt of funds and the conclusion of the contract in foreign currency or the difference between the receipt of funds and the disbursement in foreign currency.
Fraudulent Expenditure	Expenditure incurred with the intent to deceive as to the exact nature, timing and/or extent of that expenditure.

Grants and Contracts Funds	<p>Funds received from funders under the terms of a grant or contract which prescribes the conditions as to how the funds may be spent. These conditions/restrictions are specified by the purpose of the funds, i.e. the donor/third party will specify the type of expenditure allowed to be incurred.</p> <p>The source of the funds may be generated from internal or external sources to UWC.</p> <p>As the Grants and Contract funds are to be used for a particular purpose or project, the University will establish a separate Project Cost Centre for each project. The creation of separate cost centres facilitates accounting for the transactions of each project, and enables the income and expenditure to be monitored as well as reported on.</p> <p>The term “Grants & Contracts” is used to collectively describe the group of Grants & Contracts that fit the above definition, of which there are four categories (<i>described in Section 5 below</i>).</p>
Income	Is increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.
Interest on income received in advance	All interest shall accrue to the University, except where the donor Contract specifically states otherwise.
Interest on overdrafts or Income received in Arrears	Interest charged on re-imbursive Contracts/projects and progress Contracts/projects by the University.
Mismanagement of funds	Unauthorised, fraudulent, negligent and/or reckless expenditure

Terminology	Definition
	and/or any expenditure contrary to University policies and South African laws and regulations.
Negligent expenditure	Expenditure incurred with lack of due prudence and fiduciary duties.
Overdraft Facility	The Funding provisionally provided to budget owners / Principal investigators by the University prior to funds being received from donors/third parties. The University finances the project in terms of the signed contract with the donor/third party, or where a reimbursive arrangement exists with a Donor/Third Party, in terms of the agreed contract.
Private Business Operations	Operations in terms of which the University is used as a conduit to receive funding or incur expenditure for the personal benefit of an individual.
Private use	Any transaction or activity that is not covered by a contract and deemed to personally benefit an individual.

Progress Contracts	Funds are received in tranches or upon completion of milestones or deliverables as specified in the contract. Project funds are released upon submission of satisfactory narrative and financial reports to the donor/third party.
Project Cost Centre	The cost centre is an account opened on the financial system, which is allocated a unique account number and is created for each Contract/Project, wherein the transactions (income and expenses) of the specific project are recorded.
Reckless expenditure	Expenditures as a result of being indifferent to or disregarding of any adverse financial consequences.
Reimburse Grants/ Contracts	Grants & Contracts where the expenditure is incurred in terms of the contract/project, prior to the receipt of funding from the donor/third party.
Surplus	The amount of Income exceeding Expenditure incurred at the conclusion of the contract or reporting period, after all project objectives have been achieved.

6. Policy Control

Policy Name	GRANTS & CONTRACTS POLICY
Policy Number	
Issuing Office	Department of Finance
Responsibility	Executive Director: Finance and Services
Implementation Date	September 2005
Council Approval Date	September 2005
Review Date	July 2007
Council Approval Date	November 2007
Latest Review Date	October 2013
Council Approval Date	1 September 2016 (C2016/4)
Previous Policy Name	Restricted Funds Policy

This policy should be read and applied in conjunction with the following procedure manuals/user guides and any other University Policy as may be applicable, including but not limited to the Procurement Policy, Prevention of Fraud and Corruption Policy Fixed Assets Policy, HR Policy etc.:

- i. Grants & Contracts procedure manual;
- ii. Procedures for the Budgeting and Processing of Research Grants and Contracts; and
- iii. National Research Foundation (NRF) procedure manual.

Part C:

7. Categories of Grants & Contracts

There are four categories of Restricted Use Funds received in terms of Grants and Contracts, categorised in accordance with the specific type of restrictions associated with the funds.

The four categories are as follows:

- 7.1 Mandated funds;
- 7.2 Endowment funds;
- 7.3 Enterprise funds; and
- 7.4 State Agency Funds.

Each category is described in more detail below:

7.1 Mandated Funds

7.1.1 This group of funding is used to account for funds received from donors/Third Parties, the expenditure of which is restricted to a specific purpose. The activities and expenditure should be incurred in compliance with the contract that exists between the University and the Donor/Third Party.

7.1.2 Examples of this type of Mandated Funds are:

- i. Scholarships/Bursaries Funding for students with specific academic and financial criteria
- ii. Grants to conduct research and produce outcomes; and
- iii. State funding, including funding received from the Western Cape Education Department (WCED), Department of Justice and Constitutional Development (DOJ), Department of Science and Innovation (DSI), etc. the aim of which includes to fund research for the benefit and improvement of the citizens of South Africa.

7.2 Endowment Funds

7.2.1 Endowment Funding is similar to the Mandated Funds category described above with Endowment Funds, the Grant or Contract stipulates that the income generated from the capital amount granted or donated to the University, rather than the capital amount, is to be expended for the purpose as specified in the Grant or Contract. As such, the capital amount would remain for investment in perpetuity, or otherwise stated, and only the income generated from the investment may be used for the purposes contained in the contract between the University and the donor/third party.

7.2.2 It is often a requirement in terms of the Grant or Contract that a percentage of the income be reinvested in order for the capital to grow in line with inflation.

7.3 Enterprise Funds

7.3.1 Enterprise funds are those funds generated by a University unit, institute, school, centre, department or faculty through the provision of service, license or use of University Intellectual Property for the benefit of the University and are often used to supplement departmental income. The receiving unit, institute, school, centre, department or faculty must draft and submit a business plan, which as a minimum highlights the income and expenditure of funds for a concise period and comprehensively disclose how the surplus funds are to be applied.

7.3.2 Examples of enterprise funding include:

- iv. Continuing Education Course Agreements;
- v. Consulting Agreements;
- vi. Service Level Agreements;
- vii. Licensing or Royalty Agreements;
- viii. Equity Agreements; and
- ix. Commercial projects.

7.3.3 The closing of this type of funding/project must be managed by the budget owner/Principal investigator/grant holder. The cost centre cannot be re-purposed without submitting a new business plan.

7.4 State Agency Funds

7.4.1 State Agency Funds are funds that may be received from various national or international funders through organs of State.

7.4.2 The State offers funding which are administered and managed by the University and includes the following:

- i. Research Funds: Awarded to researchers/staff affiliated with the University; and
- ii. Freestanding Research Bursary Funds: State bursaries awarded postgraduate students to improve the research capacity and knowledge to supplement the formal qualification of the post-doctoral research fellow.

7.4.3 The Grants and Contracts Department in conjunction with the grant holder, shall administer the funding according to the guidelines provided by the relevant funder contract.

7.4.4 Examples of State Agents that offer research funding include:

- x. National Research Foundation (NRF);
- xi. Water Research Foundation (WRC);
- xii. Medical Research Foundation (MRC); and

xiii. Department of Science and Innovation (DSI)

8. Accountability

The roles and responsibilities of the various role players are outlined as follows:

8.1 Budget Owner/Grant Holder/Principal Investigator

The recipients of the various types of Grants & Contracts are entrusted with stewardship of funds and shall at all times:

- i. Honour the contract and intentions of the donor/Third Party;
- ii. Comply with all laws, regulations and policies;
- iii. Spend the funds prudently and within specified terms;
- iv. Ensure that all expenditure incurred by the fund are recorded accurately and timeously;
- v. Comply with the applicable financial reporting requirements;
- vi. Manage all staff under his/her control and ensure that roles and responsibilities are being fulfilled in line with project requirements;
- vii. Deliver on or beyond the University's commitment to perform activities as agreed;
- viii. Carry out all obligations associated directly or indirectly with the fund;
- ix. Ensure overspending does not take place;
- x. Is not biased by their financial, contractual, organisational or other interest which relates to work under the contract (conflict of interest); and discloses all interest etc.
- xi. Report back on project outcomes and financial compliance within specified timelines; and
- xii. The onus of the successful planning and implementation of Grants & Contracts vests with the Principal Investigator/Budget Owner/Grant Holder

8.2 Faculty Deans / Directors of Institutes and relevant Executive members

Faculty Deans shall oversee that the Principal investigator/budget owner/grant holder are complying with the terms and conditions of the contract. The faculty Dean shall assess the capacity of the grant holder to deliver on the project.

8.3 Senior Management and Council

Senior Management and Council has an overall fiduciary responsibility over the contract / projects.

8.4 Business Development Office

The Business Development Office may provide advice and assistance when drawing up the proposal and budget, on pre-contractual pre-award activities.

8.5 Procurement

The rules and obligations as contained in the University's Procurement Policy must be applied unless specifically stated otherwise in the contract. In the event of the latter, the applicable procedures must be followed by the University and authority sought and granted to deviate from the Procurement Policy.

8.6 Legal Department

All Grants and Contracts shall be reviewed and signed off by the legal department, before signature by the designated authority. Any legal risk to the University has to be identified and highlighted for compliance.

9. Project Cost Centre Creation

9.1 A Project Cost Centre shall be created for each individual contract from which income is to be received in order to accurately account for and report on the transactions where appropriate.

9.2 Each Project Cost Centre shall be allocated a unique Project Cost Centre name and Project Cost Centre number.

9.3 A Project Cost Centre cannot be created without a signed contract.

9.4 A Project Cost Centre may only be created for a project that falls into one of the four categories within the Grants & Contracts group.

9.5 Project cost centres could be created for consolidation or holding of multiple Grants & Contracts that is of low value subject to the approval of Finance and the relevant DVC.

9.6 The budget owners/grant holders/Principal investigators are required to complete an Application: New Project Cost Centre form (FIN05). This form can be downloaded from the UWC Intranet: <https://uwcacza.sharepoint.com/sites/GrantsContracts> Appendix 1

A Contract signed by the University and the accompanying checklist document signed by the Legal Department and authorized University must accompany the application for new Project Cost Centre form (FIN05). This legal checklist can be downloaded from the UWC Intranet: <https://uwcacza.sharepoint.com/sites/GrantsContracts> Appendix 2

9.7 The New Project Cost Centre form (FIN05) has to be authorised and signed off by the relevant authorities which include:

- i. Budget Owner/Grant Holder/Principal Investigator
- ii. Faculty Dean or designate;
- iii. Director: Finance; or
- iv. Executive Director: Finance and Operations or designate

10. Contract Income

10.1 Receipt of Funds

All funds received from donors transacting with the University must be deposited into the University's official bank account for receipting funds into the project. It is not permissible to receipt funds from parties transacting with the University into bank accounts other than the Universities official bank account. For the Universities bank account details, please contact Treasury department 0219593392, in Central Finance department. Appendix 5

10.2 Foreign Currency

The University accounts for all currency in South African Rand (ZAR). All transactions that are denominated foreign currency will be accounted for at the spot rate. The spot rate is the rate of conversion on the date of receipt of revenue or the date of payment of foreign expenditure. The University does not insure (forward cover) against foreign currency fluctuations. The University accounts for all projects in local currency.

10.3 Overdrafts

10.3.1 Where the contract stipulates that the University must incur expenditure and then submit a claim, to allow for the project to commence, the University will facilitate the use of an "internal overdraft facility". Overdraft facilities will only be granted if applied for by the Budget Owner/Grant Holder/Principal Investigator and authorised in writing by the relevant personnel. Only on approval of an overdraft facility can expenditure commence.

10.3.2 An "Application for Overdraft Form" (FIN03) shall be completed by the budget owner/Principal investigator/grant holder. The Grants and Contracts Co-ordinator shall ensure that the application form has been fully completed and signed by all the relevant authorities which include:

- i. Budget Owner/Grant Holder/Principal Investigator;
- ii. Faculty Dean or his designate;
- iii. Executive Director: Finance and Operations or his designate.

- 10.3.3 The form FIN03 can be downloaded from the [UWC Intranet](https://uwcacza.sharepoint.com/sites/GrantsContracts): [https://uwcacza.sharepoint.com/sites/Grants Contracts. Appendix 3](https://uwcacza.sharepoint.com/sites/GrantsContracts)

10.4 Private Use

University funding received for private use/ purposes is strictly prohibited.

Any party identified to have utilised University funding for private use, will be held personally liable and subjected to the appropriate disciplinary proceedings.

11. Contract Expenditure

11.1 Authorisation of Transactions

All transactions on a Project Cost Centre shall be authorised in writing by the budget owner. In the event of transactions payable to the budget owner, written authorisation shall be obtained from a line manager of staff to whom the budget owner reports. All procurement must be in line with the UWC Procurement policy in place at that time.

11.2 Unauthorised Expenditure

In the event of unauthorised expenditure being incurred, budget owners may be required to remedy the amount of unauthorised expenditure i.e. pays back the money immediately. Failure to remedy the situation may result in the budget owners being held personally liable to reimburse the amount of the unauthorised expenditure to the project and be subject to disciplinary proceedings in this regard.

12. Value-Added Tax ("VAT") considerations

Applies to all transactions.

The nature of the transactions determines the Vat Treatment that results in different costing and statutory outcomes. See UWC Intranet: <https://uwcacza.sharepoint.com/sites/GrantsContracts> [Appendix 4.](#)

13. Project Cost Centre Management

13.1 Monitoring of Budgets

- 13.1.1 It is incumbent upon the Budget owner/Grant Holder/Principal Investigator to monitor budgets throughout the life of the grant. Expenditures and commitments should be reviewed frequently, i.e. at least monthly. Timely identification of the need for a budget change will ensure the necessary processes (including potential donor/third party approval) can be completed before problems occur.

13.1.2 In cases where a grant lists multiple Budget Owners / Grant Holders / Principal Investigators, for purposes of financial accountability and oversight, the designation of a single Budget owner/Grant Holder/Principal Investigator with financial and program oversight is required. The designated Budget owner/Grant Holder/Principal Investigator will be responsible for overall financial and program management.

13.1.3 Grants and Contracts Administrators shall: enforce limits to curtail over-expenditure by constantly reviewing the available funds and assessing the transactions on the ledgers; compare actual expenditure to the project budget; ensure compliance with donor/third party agreements; liaise with budget owners on queries or problems.

13.1.4 Mismanagement of funds is to be reported to management.

13.1.5 Projects are to be closed off correctly at the end of the period and all dormant cost centres to be followed up with project leaders.

13.2 Surplus

13.2.1 In the event that there are surplus funds within a Project Cost Centre at the end of the project term and the utilisation thereof is not detailed within the contract; the budget owner shall obtain written confirmation from the donor/third party stipulating whether funds be retained by the University or returned to the Funder.

13.2.2 Surplus funds which may be retained shall first be utilised to cover any departmental deficits and then thereafter may be utilised for the running cost of the relevant faculty / department.

13.2.3 The Grants and Contracts staff and budget owner shall monitor surplus funds which remain within a Project Cost Centre at the end of contract term and shall ensure that surplus funds are transferred to the relevant faculty/department Project Cost Centre (in the event that funds may be retained).

13.3 Deficits Recourse

13.3.1 It is the responsibility of the budget owner to monitor expenditures to authorised budgets on a monthly basis. In the event that any deficits are incurred at the end of a project budget; the budget owners shall provide a written explanation for the deficit to the Director: Finance.

13.3.2 In the event that misconduct (i.e. unauthorised expenditures/mismanagement of funds) is proven, budget owners may be held personally liable for the irrecoverable deficits and may be subject to disciplinary proceedings on these grounds.

13.3.3 In the absence of misconduct (i.e. unauthorised expenditures/mismanagement of funds), the Director: Finance and the Executive Director: Finance and Services shall assess the irrecoverable deficits and determine the action to be taken to recover the misappropriated funds.

13.4 Dormant Cost Centre

13.4.1 When a cost centre has been dormant for 1 year or longer, the surplus balance will be moved to a University holding account. The Budget Owner/Grant Holder/Principal Investigator will be required to make an application to the Finance Department to have the cost centre reinstated and/or for the surplus, if any to be paid to the department.

13.4.2 The appropriate monitoring actions highlighted within the policy are aimed to prevent dormant cost centres.

13.5 Active Cost Centres

Active cost centres shall be reviewed continuously by the Budget Owner/Grant Holder/Principle Investigator. Activities shall be analysed to establish compliance with cost centre objectives

13.6 Mismanagement of Funds

In the event of any mismanagement of funds, the Budget Owner/Grant Holder/Principal Investigator may be required to remedy any financial loss. Failure to remedy such loss may result in the Budget Owner/Grant Holder/Principle Investigator being held personally liable and subject to disciplinary proceedings

13.7 Inter-Project Cost Centre Transfers

13.7.1 Funds are prohibited from being transferred from one Project Cost Centre to another except in the following instances:

- i. Where the contract expressly permits a transfer.
- ii. Where Enterprise Funds balances are used to set off deficit balances. All balances in Enterprise Funds shall first be applied to set off deficit balances of other cost centre's with deficit balances under the control of the Budget Owner/Grant Holder/Principle Investigator

- iii. Cost recovery as it relates to salaries being paid out of more than one Project Cost Centre; and
- iv. Where overhead recovery is being affected.

13.7.2 Any contraventions to the above may be deemed to be mismanagement of funds.

13.8 Ownership of Assets

13.8.1 All assets acquired/purchased by a Grants & Contracts Project Cost Centre will be owned by the University and not to individuals or to the budget owners.

13.8.2 In an instance where an asset's useful life is not in accordance with the University Fixed Asset Policy, the budget owner must inform the fixed asset accountant. The Fixed Assets Policy must be observed in relation to the management of assets.

13.9 Resignation and Retirement of Budget Owners/Grant Holders/Principal Investigator

13.9.1 Grant/contract awards are made to the University, rather than to individuals.

13.9.2 In the event a Budget Owner/Grant Holder/Principal Investigator leaving the University, he/she must notify the Dean of the Faculty and the Head of Department of the intended departure in advance and ensure the proper hand over of financial obligations status and research/contract work.

13.9.3 When a Head of Department receives a letter of resignation, the donor/third party must be informed in order to establish the appropriate cause of action or as per the contract.

13.9.4 Conclusive action would entail that the project is transferred to a new Budget Owner/Grant Holder/Principal Investigator or terminating the project or transfer of the project.

14. Reporting

14.1 Donor/Third Party Reporting

14.1.1 Budget Owners/Grant Holders/Principle Investigators are responsible for obtaining and communicating all due dates for financial reporting including the final close-out report to the Grant and Contract Offices.

14.1.2 Budget Owners/Grant Holders and relevant grant administrators are accountable for all the reporting requirements associated with their grant awards.

14.1.3 Grants & Contracts is responsible for the preparation and release of all financial status reports, the Budget Owner/Grant Holder/Principle Investigator is responsible for the preparation of all technical/narrative reports and submission of these reports to the Donor/Third Party.

14.2 Reporting to Project Managers/Budget Owners

14.2.1 The Grants and Contracts Administrator must provide the Budget Owner/Grant Holder/Principle Investigator with the appropriate access to the financial reports to assist with the stewardship of the projects under the Budget Owner/Grant Holder/Principle Investigators' administration.

14.2.2 Record of such communication must be retained for review by relevant parties.

15. Grant Close Out

15.1 The Budget Owner/Grant Holder/Principal Investigator is responsible for reviewing the grant fund at the end of the grant period to determine if there are unspent or overspent funds. The responsibility of project closure vests with Budget owner/Grant Holder/Principle investigator.

15.2 In the case of unspent funds, the Budget Owner/Grant Holder/Principal Investigator should provide the Grants and Contracts department with the instruction to refund or transfer unspent funds in compliance with the conditions stated in the contract.

15.3 In the event of overspent funds, the Budget owner should inform the Grants and Contracts division and the appropriate line management of the remedy to address the overspent project.

16. Contract Closure

16.1 When a Project Cost Centre is created, the contract end date shall be loaded onto the financial system in order to facilitate the contract closure process. An extra 3 months is added to the end date to allow for the finalization of all transactions.

16.2 At the end of a contract term, the Project Cost Centre will automatically close within the financial system on the project termination date.

16.3 The budget owner shall ensure that all transactions and journals related to a project have been processed within the relevant Project Cost Centre at the end of the contract term. In the event that there are outstanding transactions or journal entries which are to be processed subsequent to the

contract termination date, the budget owner is required to submit a request to the Co-ordinator to extend the contract closing date.

16.4 The Grants and Contracts Administrators/Coordinator shall monitor contract terminations dates; shall ensure the budget owners are aware of upcoming termination dates and facilitate the contract closure process.

16.5 The contract may be extended if a duly authorised addendum to the contract is authorised by all contracting parties. Such an addendum must be concluded before the termination date of the contract in order to be valid.

17. Donations 18A Certificates

In certain instances where a donation qualifies for a Section 18 A certificate, a Section 18 A certificate will be issued upon request from the Donor where compliance with conditions are met as per Income Tax Act.

18. Other Policies

All transactions shall comply with all relevant University policies and rules.

19. Exclusions

There are presently no exclusions.

Version History

Version	Date	Summary of changes	Date of next review
Amendment 1	30/11/2007		2012
Amendment 2	01/09/2016		2021
Amendment 3	28/03/2024	1, 2, 3, 7, 7.1, 7.2, 7.3, 7.4, 8. 8.1, 8.4, 8.5, 8.6, 9, 10, 10.1, 10.4, 13.7, 14, 14.1, 15, 16, 17, 18 and 19	2029

Appendix 1.



UNIVERSITY of the
WESTERN CAPE

DEPARTMENT OF FINANCE

FIN05

GRANTS AND CONTRACTS

APPLICATION: NEW COST CENTRE

Kindly supply the following information: **NB!!! ALL PAGES MUST BE COMPLETED.**

Date:

Proposed name of Cost Centre:

Cost Centre category: Mandated Endowment
Agency Entrepreneurial

Purpose of funding:

.....

.....

Name of faculty/unit/NGO:

Department Centre
Unit Programme
Institute School
Division

Type of funding: State subsidies and grants
Contracts for research
Contracts for other activities
Private gifts and grants
Type of research: Applied research
Basic research



Refer to the Finance website, below Grants & Contracts for definitions.

Research grant

Name of funder:

Amount of funding:

Date funding expected:

Have the following been approved: Contract: Yes No

Budget: Yes No

Classification of Cost Centre: Income in advance Income in arrears

Contract completion date:

Date external audit required: Reporting dates:

Details of budget owner: Name:

UWC extension:

Cell number:

Email address:

Specimen signature:

AUTHORISATION BY BUDGET OWNER

I, (Budget owner) fully understand the Restricted Funds Policy and User Guide and hereby bind myself to the contents therein.

Signature: Date:

AUTHORISATION BY DEAN

Signature:

AUTHORISATION BY UWC AUTHORISED REPRESENTATIVE

Signature:

Please tick appropriate box: Vice-Chancellor

DVC – Academic

DVC – Research & Innovation

Executive Director: Finance & Services

Director: Finance

FOR OFFICE USE ONLY

Cost Centre name:

Cost Centre number:

Application approved:

Date approved:

Date Cost Centre created:

UNIVERSITY OF THE WESTERN CAPE CO – FUNDING

Contribution Total Contribution for Period

Cost centre number contributing amount

Budget Owner/Grant Holder signature

Management Accountant signature

Appendix 2.

Check List to be completed before grants/contracts/MOUs/MOAs are forwarded to the Rector/Acting Rector or duly authorised signatory for signature on behalf of the University of the Western Cape.

CONTRACT(S)/AGREEMENT(S): _____

1. Is the relevant Head of Department/Division aware of the grant/contract/MOU/MOA?

YES NO

Signature of HOD: _____ Date: _____

PRINT NAME & POSITION

2. Has the relevant Executive Manager endorsed the grant/contract/MOU/MOA?
(e.g the Deputy Vice-Chancellor (Academic) for the Faculties; the Director: International Office for MOUs with other Universities)

YES NO

Signature of Executive Manager: _____ Date: _____

PRINT NAME & POSITION

Has the Director: Legal Services assessed all risks and approved the grant/contract/MOU/MOA for signature?

YES NO

Signature of Director: Legal Services: _____ Date: _____

Mr S Rajie
Director: Legal Services

Name of Member submitting the grant/contract/MOU/MOA for signature:

Signature of Member: _____ Date: _____

Print name and surname: _____

Extension/Telephone #: _____

Email address: _____

Appendix 3.



UNIVERSITY *of the*
WESTERN CAPE

DEPARTMENT OF FINANCE

GRANTS AND CONTRACTS

FIN03

**APPLICATION FOR OVERDRAFT
ON RESTRICTED FUND COST CENTER**

1. Name of institute, centre, unit, project:

.....

2. Faculty to which institute, centre, unit, project is attached:

.....

3. Cost centre number of Restricted Fund concerned:

.....

4. Current balance of Restricted Fund:

R

(To be verified by Department of Finance)

Signature: Finance Department

5. Expected amount required for cash flow purposes:

R

6. Time period for which amount referred to in 5. is required:

.....

7. How is the amount referred to in 5? to be redeemed?

.....

.....

NB. Attach supporting documentation

Signature of Director/Head/Leader: -----

I have studied the supporting documentation and support the above request and recommend that it be granted.

AUTHORISATION BY DEAN **Full Name of Dean:**

Signature of Dean: -----

Permission granted that the University funds, up to a maximum amount of:

R ----- **for the period**-----

be utilised to provide the required cash flow facility to the restricted fund concern.

AUTHORISATION BY UWC AUTHORISED REPRESENTATIVE

Signature: ----- Full Name:

Please tick appropriate box:

Vice-Chancellor	<input type="checkbox"/>
DVC – Academic	<input type="checkbox"/>
DVC – Research & Innovation	<input type="checkbox"/>
Executive Director: Finance & Services	<input type="checkbox"/>
Director: Finance	<input type="checkbox"/>

Appendix 4.

1. General Rules -VAT

Pursuant to the VAT Class Ruling (“VCR”) issued to members of Higher Education South Africa (“HESA”), funding received for research purposes should be divided for VAT purposes into three categories namely, basic, applied, and contract research and defined as follow:

“basic” - primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any particular application or use in future, no prospects of commercialisation.

“applied” - the application of new knowledge into a process or product, or the transfer of existing knowledge into a new process or product, for the benefit of the research contractor or for the immediate purposes of commercialising the product.

“contract” - consulting, sub-contracting, clinical trials, funder receives reciprocal deliverable (testing results, analysis, IPR, license, financial rewards, use/distribution rights), deliverable to the funder.

Basic research is not regarded as an enterprise activity and no input tax deduction may be claimed in research cost centre that fall into this category. Budgets for basic research cost centre must therefore be inclusive of VAT.

Applied research is partly regarded as an enterprise activity and 50% of input tax incurred by these research cost centre may be claimed as a deduction. Research in the applied space may be funded by internal funds and is not necessarily attached to a specific contract. Further, if the funding is received in terms of a contract with the funder, the funding (apart from financial and progress reporting) is usually not conditional upon a deliverable by the University to the funder. Budgets for applied research cost centre must therefore include 50% of the VAT incurred.

Contract research is regarded as an enterprise activity to the extent that there are no students involved in the research project. In this instance, the University will agree on a deliverable with the funder of the research, and will have to account for output tax on the consideration received at the rate of 14 percent unless an exception applies. The extent of the input tax deduction will depend on the amount of student involvement in the research. If no students are involved in any of the research activities, the University may claim 100% of the input tax incurred in relation thereto, otherwise they may only claim 50 percent. Budgets must therefore include 50% VAT if there is student involvement in the specific research entity.

Government Grants and Contracts

Payments received from Government must be classified as a grant or a contract as the VAT treatment will be different for grants and contracts.

A grant is defined to be any payment by public authority; municipality or constitutional institution listed in Schedule 1 to the Public Finance Management Act, 1999, however it specifically excludes a payment for goods and services. If a payment is received by the University for goods or services it will be regarded as a contract and not a grant as defined in the VAT Act.

VAT treatment of Government Grants and Contracts

Grants	Contracts
Output tax implications	
VAT exempt if used for basic research	Output tax at the rate of 14% payable
Output tax at the rate of 0% if used for applied Research	
Input tax implications	
No input deduction if used for basic research	100% of input tax incurred may be deducted if no student involvement otherwise 50% if students are used.
If used for applied research, 100% of input tax incurred may be deducted if no student involvement otherwise 50% if students are used.	

Appendix 5.



Corporate and Investment Banking

Absa Towers West
15 Troye Street
Johannesburg
2001
PO Box 421
Johannesburg
2000
South Africa
T 086 050 0703
Swift address:
ABSAZAJJ
absa.co.za/cib

31 March 2023

CONFIRMATION OF BANKING DETAILS

We have the pleasure in confirming that UNIVERSITY OF THE WESTERN CAPE is an Absa client.

ACCOUNT NAME	ACCOUNT NUMBER	DATE OPENED	BRANCH CODE	ACCOUNT TYPE	ACCOUNT STATUS
ADMIN FUNDS DEPOSITS	40-5089-4067	1999/09/23	560810	CHEQUE	OPEN

- This letter does not confirm funds or the conduct of the account in any way.
- This information is to be treated in the strictest of confidence and may only be used in the context which it is given.
- This letter is a confirmation of the correctness of information supplied by **UNIVERSITY OF THE WESTERN CAPE** dependent on the information contained by the Bank's system at the time that the request is submitted to the Bank.
- This letter is given in confidence and on request of our client.
- Absa Bank and/or its Employees shall not be held responsible for any loss, damage or liability which may arise directly or indirectly from the provision of this letter of confirmation.

Yours sincerely,

Consultant Client Service: Omni Channel Contingency Processing
SF CASE 08601444

Absa Bank Limited Reg No 1986/004794/06 Authorised Financial Services Provider Registered Credit Provider
Reg No NCRCP7

