Policy & title	GEN001 **- Funds deposited with or held by UCT or in UCT's name**
Effective date	1 January 2008
Objective	To clarify the ownership of funds deposited with or held in the University, the responsibility for such funds and for what they may be used.
Scope	Covers ALL monies deposited with or held in the University (whether in an operating or investment fund), or in any bank account in the name of the University or in the name of any department or division of the University.

🖎 **Note**

All bank accounts noted above must be opened by the Executive Director: Finance, who has delegated Council authority.

This policy does not apply to the balances held in University funds for the associated, but legally separate and/or independent bodies.

Applicable to	**All UCT staff members and students, including joint staff on PGWC or NHLS conditions of service.**

Additional Information

- Related policies:
  - Financial authority limits [GEN002]
  - Reimbursements [PAY005]
  - UCT policy on private work

Policy

- Any money deposited with or held in the University or in the University's name (whether in an operating or investment fund) is the property of the University and the University is responsible for such funds.

- UCT funds and accounts may not be used to "park" funds that belong to private bodies or individuals, or to transact private business.

- Monies held in UCT funds and accounts remain the property of the University after the death, retirement or resignation of the individual who had decision making rights over such monies. The balance of such funds will revert to the URC to be dealt with as the URC decides. If, however, the responsible person remains an active member of UCT after retirement, the URC, at it's sole discretion, may allow this person to continue to have decision rights over these funds, which shall not be unreasonably withheld.

- Money in UCT funds and accounts may only be used for UCT purposes: University purposes would include paying UCT creditors for goods and services, and paying people employed by UCT.

- UCT's expenditure rules apply to all balances in UCT funds and accounts.

Context

The nature of the monies held by UCT (as a public institution) leads us to distinguish between ownership of funds and decision-making rights. Ownership and governance vest with the University, while decision rights may vest in the individual or group for whose use the money was allocated, or to those who manage the activity or purpose for which the money was allocated. This will occur most commonly in the research area.

The utilisation of funds must comply with terms and conditions specified by the grantor, must conform to tax (and other relevant and applicable) law, and must not jeopardise the status of any other process or action of the University, e.g. impact on the tax (or tax-free) status of a research or any other activity, or of the University.

Procedures   **Private work**

UCT funds may not be used for private work transactions. Any payment by a private work client for private work must not be made to UCT, but to the person who does the private work. It is important to distinguish private work (work done by an individual or group for a third party) from contract work done by that individual or group for a third party in the name of the University: in the first case payments are made to the individual or group; in the latter, a contract is entered into between the University and the third party and payment is made to the University.

There are two reasons for this:

- The money does not belong to UCT if it is a private work transaction.
- A client making payment to UCT for private work may falsely conclude that UCT accepts responsibility and liability, especially professional liability, for the work done privately by a member of staff in a private capacity. (UCT's professional indemnity cover does not cover the staff member doing private work.)

[Refer UCT policy on private work]

Research and extension service contracts

- Contracts of this kind have to be between at least two legal bodies. The contract must therefore be between third parties and UCT (faculties, departments, units and institutes are not legal bodies for these purposes).
- Work done at UCT in fulfilment of these contracts is UCT work and not private work. All financial transactions related to such contracts must be operated through one or more UCT funds.
- The contract price will sometimes exceed the cost of fulfilling a contract. Any remaining balance constitutes UCT funds, available to further UCT work at the discretion, usually, of the person responsible for the contract, or the head of department, subject to UCT expenditure rules.

Cheque payments to UCT for non-UCT work

- If a client erroneously makes a cheque for private work payable to UCT, instead of to the individual who did the work, the cheque has to be returned to the client to correct the error. Banks do not accept any changes to cheques.
- In some cases staff doing private work may decide not to charge a fee, but instead ask the client to make a donation to UCT, for example for financial aid, or for the University's endowment fund. In such cases the cheque would correctly be made payable to UCT, and the payment will be acknowledged as a donation, the receipt and donations' voucher being made out in the client/donor's name.

Cheques made payable to individual staff

- If a third party contractor (who has a contract with UCT), erroneously makes a cheque payable to a UCT staff member instead of to UCT, the staff member may not endorse the cheque to UCT. The contractor has to issue a new cheque in UCT's favour. (In addition to being a Bank requirement, cheques payable to the staff members may give rise to tax liabilities on their part, and complicate the University's VAT position.)
- If a private work contractor correctly makes a cheque payable to a staff member for private work done, he/she may not endorse it to UCT in order to reimburse UCT for costs incurred. The staff member has to issue a cheque to UCT for the required amount. (Currently, the required payment for use of UCT facilities and equipment is 15% of the contract amount, unless a cost recovery arrangement is in place.)

(In any of these cases, the South African Revenue Services may regard the payment as having been received by the staff member as taxable income; repayment of this to UCT may be claimable as an expense.)

Acquisitions and assets

All acquisitions made, and any and all assets purchased using UCT funds or accounts are and remain the property of the University, including but not limited to computing equipment and software, photographic equipment, communication equipment (all forms of cellular phones) and books.

The private use of such equipment may lead to a tax liability in the hands of the user.

Private acquisitions

Except where specifically approved by the Head of Procurement & Payment Services, UCT funds are not to be used for private acquisitions, for example, to buy a fridge by

having the University pay for this and then have the staff member repay UCT the full cost.

Reimbursements

[Refer policy on reimbursements - PAY005]

Implementation responsibility	Each fund holder for the funds he/she is responsible for.
	Any staff member involved in private work or other relevant UCT activities.
	HODs must ensure all policies and procedures are communicated to and implemented by the responsible individual(s), including research staff. The faculty/PASS finance manager has to ensure reasonable controls exist to support the implementation of policies.
Contact	Finance helpdesk
	fnd-finance@uct.ac.za
	650-2111

Policy category	General
Policy owner	The Executive Director of Finance
Last reviewed	Feb 2008
This review	July 2009
Approval	Finance Advisory Group

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educating for life and addressing the challenges facing our society."