STORES FINANCIAL ADMINISTRATION

AT THREE SOUTH AFRICAN UNIVERSITIES

by

SATHIASIVEN MOODLEY

DISSERTATION

Submitted in part fulfilment of the requirements for the degree of Master of Arts in the Department of Public Administration in the Faculty of Arts at the University of Durban-Westville.

Supervisor : Prof. Dr. W A J Coetzee
Joint Supervisor : Dr. D Sing
Date submitted : January 1987

1 COPY TAKEN BY JAYARAM
Mudoo

ANYONE WHO LOVES THE LORD, LOVES HIS CREATION.
THOSE WHO SINCERELY PRAY FOR THE LORD'S LOVE AND
GRACE CANNOT FEEL HATRED TOWARDS ANYONE.
IF A PERSON HATES ANOTHER PERSON,
HE IS ACTUALLY BEARING HATRED TOWARDS THE LORD.
THE SPARK OF TRUE LOVE HAS NOT YET ENTERED HIS HEART,
FOR LOVING THE LORD MEANS LOVING EVERYBODY.

Paramsant Huzur Maharaj Charan Singh Ji

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DEDICATION

THE UNIVERSAL DIVINE MOTHER

and

MY SATGURU, GUIDE and MENTOR

PARAMSANT HUZUR MAHARAJ CHARAN SINGH JI

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STORES FINANCIAL ADMINISTRATION AT THREE SOUTH AFRICAN UNIVERSITIES

by

SATHIASIVEN MOODLEY

SUMMARY

SUPERVISOR : PROF. DR. W A J COETZEE

JOINT SUPERVISOR : DR. D SING

DEPARTMENT : PUBLIC ADMINISTRATION

DEGREE : MASTER OF ARTS

UNIVERSITY : UNIVERSITY OF DURBAN-WESTVILLE

In this dissertation a study is undertaken of stores financial administration at the universities of Durban-Westville, Natal and Zululand.

Universities are public institutions created by acts of Parliament to serve in the fields of education, training, research and public service. As institutions that are in the main funded by the State, they are responsible for the utilisation of such monies as effectively and efficiently as possible.

As public institutions, universities must strive for the maximum efficiency and effectiveness in public administration theory and practice, that is, all the functions must be performed in terms of the dictates of the generic administrative processes of policy-making, financing, organising, staffing, determining of methods and procedures, control and functional processes, the auxiliary processes, as well as painstakingly adhere to the normative factors of public administration.

University administration comprises of several component fields, such as financing, student affairs and staffing. The activity of stores financial administration is an activity which falls within the field of university financing.

Stores financial administration comprises of the generic administrative, functional and auxiliary processes of public administration. The generic administrative processes are the enabling processes which give direction to the functional and auxiliary processes. Much emphasis is placed on the efficient and effective performance of these processes of public administration within the context of stores financial administration.

The functional processes enumerated in the dissertation comprise of the budget procedure and control function, the purchasing function and the inventory function. The auxiliary processes are the neutral functions such as collecting and interpreting of statistics, public opinion surveys and research which are necessary to expedite the execution of the generic administrative processes and the functional processes as efficiently and effectively as possible.

The survey undertaken at the universities of Durban-Westville, Natal and Zululand is viewed from a theoretical and practical perspective as follows:

(i) university administration within the context of public administration;
(ii) university financial administration within the context of university administration;
(iii) the locus of stores financial administration in university financial administration;
(iv) the normative factors of public administration in stores financial administration;
(v) the budget procedure and control function at the universities of Durban-Westville, Natal and Zululand and the normative factors of public administration in stores financial administration;
(vi) the administration of the purchasing function;
(vii) the purchasing function at the universities of Durban-Westville, Natal and Zululand and the normative factors of public administration in stores financial administration;
(viii) the administration of the inventory function;
(ix) the inventory function at the universities of Durban-Westville, Natal and Zululand and the normative factors of public administration in stores financial administration.

The increasing activities undertaken by universities place an increased financial burden on university officials to find the financial resources to meet all commitments without lowering the standards of the university. The unstable economic climate and the increasing cuts in State subsidies add to the difficult task of these functionaries.

Stores financial administration at the universities studied is primarily viewed in regard to the budget procedure and control function, the purchasing function and the inventory function. The economical use of financial resources to the benefit of the universities and

the maintenance and control of stores and equipment are, inter alia, stressed.

In the light of the aforementioned, the following recommendations are made:

(i) that university councils and high-ranking officials give due regard to the importance of stores financial administration within the university context;
(ii) the introduction of a system of zero-base budgeting;
(iii) centralisation of the purchasing function;
(iv) emphasising the importance of the inventory function;
(v) establishing a staff exchange programme among universities; and
(vi) establishing a programme of co-operation and understanding within the university environment.

CHAPTER I

INTRODUCTION

1. STUDY PLAN

1.1 APPROACH

South African universities are established by acts of Parliament and are subsidised from the State Revenue Fund for the execution of their activities.[1] As public institutions, in receipt of public funds, it is imperative that they are administered in an effective and efficient manner.[2] Universities contribute to the national goal of community welfare. Since public administration, as an activity, is concerned with the promotion of human welfare and interests, it follows, therefore, that universities should also execute their activities within the context of public administration.[3]

University administration is a specialised field of public administration, comprising of several sub-fields of activity. University financing is one such field and within itself are several component activities. Stores financial administration falls within the ambit of university financial administration. Stores financial administration is a supporting activity which contributes to the achievement of the university's goals. It consists of three specific fields of activities, that is, the generic administrative, the functional and auxiliary activities. All these activities must be executed and co-ordinated to achieve the goals of stores financial administration which is:

- to provide a service;
- to ensure that all user-departments obtain a steady flow of goods and services; and
- to maintain an updated record of purchases, receipts, issues and disposals of all stores and equipment within the university.

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1. See infra., p. 15.
2. See infra., p. 23.
3. See infra., p. 25.

The procurement of supplies and services for university activities hinges on the acquisition of funds. Therefore, stores financial administration has to be viewed in the light of the budget and its control as it relates to the procurement of goods and services as well as the maintenance and control of these items.

The functional field of stores financial administration is identified as:

(i) the budget procedure and control function;
(ii) the purchasing function; and
(iii) the inventory function.

It is against the aforementioned background that the survey on stores financial administration is undertaken at the:

(i) University of Durban-Westville;
(ii) University of Natal; and
(iii) University of Zululand.

The following aspects form the basis of the study:

(a) university administration within the context of public administration;
(b) university financial administration within university administration;
(c) stores financial administration within the context of university financial administration;
(d) the normative factors of public administration in stores financial administration;
(e) the budget procedure and control function at the universities of Durban-Westville, Natal and Zululand and the normative factors of public administration in stores financial administration;
(f) the administration of the purchasing function;
(g) the purchasing function at the universities of Durban-Westville, Natal and Zululand and the normative factors of public administration in stores financial administration;
(h) the administration of the inventory function; and
(i) the inventory function at the universities of Durban-Westville, Natal and Zululand and the normative factors of public administration in stores financial administration.

Briefly these aspects are dealt with as follows:

1.2 CHAPTER II

It is accepted that university administration is one of the specialised branches of public administration. It is emphasised that the specialised branches of public administration reflect large measures of similarity because all administrative processes comprise fundamentally of the six main groups, namely, policy-making, organising, financing, staffing, determining of methods and procedures and control.

This chapter focuses on the relationship between university administration and public administration.

In order to obtain a fruitful discussion the initial part of the chapter centres on the following aspects:
- nature and functions of the university;
- university as a public institution; and
- university and state.

1.3 CHAPTER III

It has been established that university administration is a sub-field of public administration. University administration comprises of specialised component activities such as, university financial administration, university personnel administration and university library administration.

Each of these fields require that the generic administrative functions should be adapted to its unique environment.
This chapter gives prominence to:
- the nature and content of financial administration within the context of university administration;
- legislative and administrative measures pertaining to university financing; and
- the funding formula applied to South African universities.

In the nine chapters, apart from the introduction and conclusion, Chapters II, III, IV and V set out the overall theoretical dimensions and concomitant aspects of university administration, whilst Chapters VI, VII, VIII, IX and X set out both the theoretical and practical components of stores financial administration.

1.4 CHAPTER IV

It is accepted that university financial administration is a comprehensive field of activity. In view of its extensive nature it is understandable that specialisation will take place. Therefore. stores financial administration is regarded as a sub-field of university financial administration.
The aim of this chapter is to explain:

- the nature and content of stores financial administration;
- the activities constituting stores financial administration;
- the locus of stores financial administration within university financial administration; and
- the policy on the responsibility for stores financial administration at universities.

1.5 CHAPTER V

Stores financial administration is a particular field of activity of university financial administration.

Functionaries should not only concern themselves with the execution of these activities but should also strive to develop and promote an awareness of the peculiarity of the environment within which stores financial administration is carried out.

This distinctiveness demands that functionaries should observe the normative factors of public administration that govern their conduct when performing their functions.
In this chapter the following normative factors of public administration in stores financial administration are discussed:

- legislative supremacy;
- public accountability;
- efficiency and effectiveness;
- requirements of administrative law; and
- ethical standards.

1.6 CHAPTER VI

The achievement of university goals depends on, inter alia, the procurement and utilisation of funds. In view of the fact that a major part of the funds is provided by the State, it is imperative that the budget procedure and control function is executed with due regard to the normative factors of public administration in stores financial administration.

In this chapter the following key aspects are discussed:

- the objectives of the budget;
- types of budgeting systems;
- budget procedure and control at the universities; and
- the normative factors of public administration in stores financial administration.

1.7 CHAPTER VII

The purchasing function entails an expenditure of between twenty-five to thirty per cent of the university's budget and in terms of expenditure is considered only second to the staffing function.

The purchasing function entails the various responsibilities inherent in providing the material needs and services of the various departments within the university.

In this chapter the following aspects are discussed:

- objectives of the purchasing function;
- financing;
- organisational arrangements;
- staffing ;
- methods and procedures; and
- control.

1.8 CHAPTER VIII

The importance of the purchasing function is highlighted as a crucial activity which is essential for the goal achievement of the university.

In this chapter attention is focussed on:

- the operational aspects of the purchasing function at the universities of Durban-Westville, Natal and Zululand;
- a comparison of the operational aspects of the purchasing function at these universities; and
- adherence to the normative factors of public administration in stores financial administration.

1.9 CHAPTER IX

A substantial amount of the university's budget is used for the purchasing of stores and equipment. In this respect these items are considered to be the university's investment. Therefore, due regard must be given to the inventory function which is concerned with the receiving, issuing and monitoring of all stores and equipment within the university.

Accordingly, in this chapter attention is focussed on the following:

- objectives of the inventory function;
- financing;
- organisational arrangements;
- staffing;
- methods and procedures; and
- control.

1.10 CHAPTER X

The inventory function of the university is considered important as it provides common items for use by the various requisitioning departments as well as maintaining a perpetual record of all stores and equipment within the institution.

In this chapter attention is focussed on:

- the operational aspects of the inventory function at the universities of Durban-Westville, Natal and Zululand;
- a comparison of the operational aspects of the inventory function at these universities; and
- adherence to the normative factors of public administration in stores financial administration.

2. METHOD OF STUDY

As reflected in the bibliography, a number of books, journals, dissertations, theses, reports, official documents and newspapers having a bearing in university administration and stores financial administration in particular, had to be consulted in order to complete this dissertation.

In order to comprehend the subject from a national and an international perspective, correspondence was undertaken with universities within the country and abroad.
Several visits were made to the universities of Durban-Westville, Natal and Zululand to consult with high-ranking officials and to observe practices.

3. TERMINOLOGY

It is important fo give an explanation of certain term(s) used in this dissertation. The following require clarification:

Store

The word "store" relates to the physical act of storing or safe-keeping of items.

Stores

The term "stores" is used to describe items which are purchased, received, stored and issued to user- departments. The word also refers to the organisational unit which executes the aforementioned functions.

Stores Financial Administration

The activity of stores financial administration is executed by the Purchases and Stores Sections at the various universities and comprises of the generic administrative activities,the auxiliary activities and the functional activities of budget procedure and control, purchasing and inventory functions.

User-departments/Requisitioning Departments

These are both academic and administrative departments within the university which require or use a particular service or commodity.

Stores Functionaries

Stores functionaries are personnel responsible for executing the activities constituting stores financial administration.

Purchasing Office

The Purchasing Office is the organisational unit responsible for the buying and co-ordination of all the purchase requests for stores and equipment within the universities.

Inventory Function

The inventory function is the activity concerned with receiving, storing, issuing and maintaining records of all stores and equipment. This function is executed by the Stores Sections at the three universities studied. For the purposes of uniformity and to avoid confusion the terms "inventory section" is used instead of"stores section" when referring to the organisational unit executing this function at the universities.

Asset

An asset is an item of equipment which has the following characteristics:
- a value in excess of R45,00;
- a life expectancy in excess of one year; and
- an identity which is not altered materially through use.

This is considered necessary for identifying, classifying and recording of all such items.

CHAPTER II

UNIVERSITY ADMINISTRATION WITHIN THE CONTEXT OF PUBLIC ADMINISTRATION

1. INTRODUCTION

It is accepted that university administration is one of the specialised branches of public administration. It is emphasised that the specialised branches of public administration reflect large measures of similarity because all administrative processes comprise fundamentally of the six main groups, namely, policy-making, organising, financing, staffing, determining of methods and procedures, and control.

This chapter focuses on the relationship between university administration and public administration.

In order to obtain a fruitful discussion the initial part of the chapter centres on the following aspects :

- nature and functions of the university;
- university as a public institution; and
- university and the State.

2. NATURE AND FUNCTIONS OF THE UNIVERSITY

In order to understand what a university is and what it does, its nature and functions have to be explained.

In South Africa, the above aspects were considered by the Commission of Inquiry into Universities, appointed by the State President on 10 September 1968, under the chairmanship of The Honourable Mr Justice J van Wyk de Vries.[1)]

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1. Republic of South Africa : Main Report of the Commission of Inquiry into Universities RP 25/1974, Government Printer, Pretoria, 1974, p. 1. Hereinafter referred to as the Van Wyk de Vries Commission.

2.1 NATURE OF THE UNIVERSITY

In regard to the nature of the university the Commission made the following pertinent statement :

"In considering the question of the nature of the university in South Africa, this Commission is faced with the problem that there is apparently no definition of the university or of the nature of the university either here or abroad. There are definitions of essential elements of the university, such as those submitted to the Commission by most witnesses".(2)

In regard to universities in the South African context the Commission noted that :

"In South Africa the university is a corporation (Universitas), founded and incorporated by act of Parliament, for the purpose of pursuing knowledge at the tertiary level and of being a centre of learning, teaching and education, and with the special power to confer degrees. By virtue of its creation by an act of Parliament and the fact that it is a corporation or body corporate, the university has a capacity, which is however circumscribed by its purpose.

The act has united into a new entity in the essential structure of the university in South Africa : the scholars (i.e. teachers and students), the group of benefactors immediately concerned, the community in which the university is situated, society and the State. The sphere of societal relationships thus created is, within its own capacity, independent and autonomous, stands beside other such spheres including the community, society, the Church and the State, and is not dominated by nor does it dominate any of them. The university as a specific sphere of societal relationships and the other spheres of societal rela= tionships have reciprocal functions and maintain numerous relations with each other. There is a harmonious equilibrium

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2. Ibid., p. 22.

between the university and the interested and broader spheres of societal relationships".(3)

The nature of the university determines its functions.

2.2 FUNCTIONS OF THE UNIVERSITY

The functions of the university are :[4]

- to advance learning by bringing to light the knowledge amassed through the ages, by systematising it and by incorporating every facet into the various disciplines as a component of the whole structure of knowledge, and by new discoveries through investigation and research; after basic knowledge and research have been transmitted to society to be employed there applied and directed science and research follow : briefly this function is the promotion of the humanities, the natural sciences and the applied sciences;

- to educate and to mould, to inculcate certain qualities of character in the student, including scholarliness and honesty, a scientific mind, perseverance and mental application, as well as the attributes of a cultured person and an outlook and philosophy of life which will carry him through life as a balanced personality;

- to prepare students to practise a profession for which society considers a university education to be essential or prescribes it, but this is to be distinguished from purely practical professional training which is not its function;

- to instil in the student, with due regard to the spheres united in it, common standards of good citizenship and to give him that cultural background and tradition upon which a healthy society depends; and

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3. Ibid., p. 73.

4. Loc.cit.

- to be intensely active in a scientific manner in the field of politics by gathering knowledge, scientific facts and ideas on this subject from all over the world, studying them scientifically and disseminating them scientifically in order to keep the national system sound, and to send well-educated and well-equipped citizens into society. Politicking and pseudo-scientific activity in this connection on the part of the university as such, the teacher qua teacher, and the student qua student, as well as active participation in the political arena of the country, are alien to the nature and function of the university and fall beyond.

From the above exposition of the nature and functions of the university, it is evident that the university interacts within the sphere peculiar to public institutions.

3. UNIVERSITIES AS PUBLIC INSTITUTIONS

Before discussing this aspect, the terms "public" and "institution" are defined.

3.1 PUBLIC

According to the Oxford English Dictionary, "public" has the following meanings : [5)]

- of or pertaining to the people as a whole; that belongs to affects, or concerns the community or nation; common, national, popular;
- that is open to, may be used by or may or must be shared by all members of the community, not restricted to private use of any person or persons; generally accessible or available; and
- devoted or directed to the promotion of the general welfare.

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5. Murray, J A H, Bradley, H, Craigie, W A and Onions, C T (Eds) : The Oxford English Dictionary, Vol. VIII, Poy-Ry,University Press, Oxford, 1961, pp. 1558-1559.

From the meanings it is clear that "public" involves the community at large, it is open to general scrutiny, neither hidden nor secret and is often used to refer to organised groups such as public authorities and public agencies or to a particular position as in a public office.[6)]

3.2 INSTITUTION

Of the several meanings referred to in the Oxford English Dictionary, the following is quoted :

"An establishment, or organisation or association instituted for the promotion of some object, especially, one of public or general utility, religious, charitable, educational, e.g. a church, school, college, hospital, asylum, reformatory, mission and the like"(7).

Funk and Wagnall's definition of an "institution" reads as follows:

"as maintained by (and) receiving financial support of public funds" (8)

From these definitions it could be deduced that an institution is an establishment or body especially created for public benefit and receiving financial support from the state.

In view of the above, it is incumbent on public institutions to provide goods and render services to satisfy the national goal of community welfare.

3.3 CHARACTERISTICS OF PUBLIC INSTITUTIONS

The reason for defining the general characteristics of public institutions is to ascertain whether universities subscribe to such qualities.

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6. Refer to Funk and Wagnall's Practical "Standard" Dictionary of the English Language, J G Ferguson and Associates,Chicago, Illinois, 1946, p. 919.
7. Murray, et al op.cit., p. 354.
8. Funk and Wagnalls, op.cit., p. 693.

De Villiers lists the following characteristics of a public institution: [9]

- is an organised body established to achieve a specific public objective;
- consists of a structured unit within which individuals execute their functions according to specific lines of authority and communication;
- has a definite scope of activity and authority which must be exercised to further and achieve its objective; and
- is dynamic and adaptable to changing circumstances.

Roux lists a number of factors which are considered characteristic of institutions in the public sector. Some of these factors are that institutions in the public sector : [10]

- have coercive power in respect of the society as a whole or a specific geographic part thereof;
- are financed wholly or partially from state revenue;
- policy-making and policy execution at the executive level is subject to ministerial control or some other form of political direction other than common law and statute; and
- appointment of the majority of its executive members by the State President, a minister or other authorised public functionary.

From the views expressed by these writers it could be concluded that public institutions :

- are established by law for a specific purpose to serve the public at large;
- are wholly or partially subsidised from state revenue; and
- are subject either directly or indirectly to some form of ministerial control.

From the aforementioned characteristics public institutions are further explained with reference to South African universities.

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9. De Villiers, P F A : "Governmental Institutions in the Republic of South Africa", in Hanekom, S X; Rowland, R W and Bain, E G (Eds.): Key Aspects of Public Administration, Macmillan South Africa, (Publishers) (Pty) Ltd., Johannesburg, 1986, p. 88.
10. Roux, B : "The Functioning and Efficiency of the South African Public Sector", SAIPA : Journal of Public Administration, Vol. 6, No. 4, December 1971, pp. 178-179.

Universities are established by specific legislation and their objective is to serve the community needs in the field of higher education and training. Legislation in this regard are, *inter alia* :

(i) *University Act*, 1955 (Act 61 of 1955) : which relates to the consolidation and amendment of laws relating to universities.

(ii) *Extension of University Education Act* , 1959 (Act 45 of 1959) which provides, *inter alia*, for the establishment, maintenance, management and control of university college for non-white persons.

Universities receive a major portion of their funds from the State. Table 1 is indicative of the extent to which these institutions rely on the State for financial support.[11)]

11. Republic of South Africa : *The Report of Estimates to be Defrayed from the State Revenue Account : Period 1984-1985*, Government Printer, Pretoria, 1985.

TABLE 1

BUDGET ALLOCATION TO UNIVERSITIES FROM THE STATE REVENUE FUND FOR THE FINANCIAL YEARS 1983/1984 AND 1984/1985

NAME OF UNIVERSITIES	AMOUNT 1983/1984	AMOUNT 1984/1985
1. University of Durban-Westville (p. 10-33)	R26 329 000	R25 000 000
2. University of Western Cape (p. 10-19)	23 188 000	24 117 000
3. University of South Africa (p. 15-34)	62 939 000	48 399 200
4. University of the Orange Free State (p. 15-34)	39 138 000	34 869 500
5. University of Natal "	55 318 000	48 605 900
6. University of Rhodes "	17 873 000	15 821 900
7. Rand Afrikaans University "	27 957 000	24 660 500
8. University of Witwatersrand "	69 249 000	54 314 400
9. University of Fort Hare (p. 25-25)	18 364 000	22 568 000
10. University of Zululand "	18 301 000	18 631 000
TOTAL	R358 476 000	R316 987 400

Table 2 reflects the total sum voted out of the State Revenue Fund for university education under the respective government departments[12] for the financial year 1984/1985.

12. In terms of Section 14(2) of the Republic of South AFrica Constitution Act, 1983 (Act 110 of 1983) the administration of education is an "Own Affairs" matter. The Tricameral Parliamentary System provides that education shall be handled by the respective ministries in the Minister's Council of each House. This means that the House of Assembly, House of Representatives and House of Delegates shall be responsible for the execution of the education function for each population group, respectively. The education for the Blacks shall be administered by the Department of Education and Training.

TABLE 2 [13]

TOTAL BUDGET ALLOCATIONS MADE TO STATE DEPARTMENTS FOR UNIVERSITY EDUCATION FROM THE STATE REVENUE FUND FOR THE FINANCIAL YEAR 1984/1985

	STATE DEPARTMENTS	AMOUNT 1984 / 1985
1.	Internal Affairs	49 517 000
2.	Department of National Education	497 983 000
3.	Department of Education and Training	102 872 000
	TOTAL	R650 372 000

All universities are subject to some form of ministerial control, in terms of either specific or general legislation. Some examples are cited :

(i) In terms of Section 2(1) of the Extension of University Education Act, 1959 (Act 45 of 1959) a university college for black persons may be established by a Minister (Education and Training) in consultation with the Minister of Finance, out of moneys appropriated by Parliament for the purpose.

(ii) Section 8 of the University of Natal (Private) Act,1960 (Act 7 of 1960) provides for the appointment of six persons to the University Council, by the State President.

The view that universities are public institutions is supported by Cloete who asserts that :

"The universities always insist that they are autonomous institutions and not part of the public institutions of South Africa. However, there can be no doubt about the the fact that the universities are public institutions and therefore they must be forced to render account of their activities to Parliament".(14)

13. Figures extracted from The Report of Estimates to be Defrayed from the State Revenue Account : Period 1984-1985.

14. Cloete, J J N : Central, Provincial and Municipal Institutions of South Africa, J L Van Schaik, Pretoria, 1982, p. 192.

Further support is provided by the Jarrat Report on Efficiency Studies in Universities, in the United Kingdom. The Report stated as follows:

> "Despite the constitutional autonomy of universities, their freedom of action is significantly limited in practice. They are subject to Parliamentary accountability as far as public money is concerned and operate within the planning limits imposed by the UGC and the Government. They are dependent on the State for funds for teaching and research. By far the greater part of university income comes from the State by one route or another. The main channels are through the University Grants Committee, fee income from home students and the Research Councils. It is not surprising, therefore, that the State, through Government and Parliament, requires to know whether universities manage these funds well and whether they provide good value for money".(15)

Horn lends support to the aforementioned views by noting that:

> "The terms 'public' and 'private' when applied to colleges and universities in the United States are to some extent misnomers. In a very real sense, all American institutions of higher education are public institutions, since all serve the public welfare and all enjoy certain common privileges such as exemption from income and property taxes".(16)

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15. Committee of Vice-Chancellors and Principals : Report of The Steering Committee for Efficiency Studies in Universities, Williams, LCA, England, March 1985, pp. 8-9.

16. Horn, F H : "Private Higher Education and State Co-ordination" in Higher Education : From Autonomy to Systems, Perkins, J A and Israel, B B (Eds.), The Forum Series, Voice of America, United Information Agency, Washington DC, 1973, p. 37.

From the aforementioned exposition it is evident that South African universities are public institutions which aim at the promotion of community welfare. Their capacity to act is restricted by statutes which indicate the purpose for their establishment, their constitution, rights, powers, privileges, functions, objectives and goals.[17)]

Therefore, as public institutions, universities work closely with the Government. This relationship between State and university is explored.

4. UNIVERSITY AND THE STATE

The relationship between the university and the State has been a topical aspect of discussion in the sphere of higher education for many decades.

In much of the evidence placed before the Van Wyk de Vries Commission, witnesses rejected State intervention in the internal affairs of the university.[18)]

The view of the Commission in this regard was that it saw "... the State and the universities as two entities side by side, each with its own capacity and neither dominating the other".(19)

The Commission indicated that the relationship between State and university should be one of harmony and co-operation rather than conflict and confrontation.[20)]

It stressed in this regard that :

"The State's sphere of authority is completely different from the University's sphere of competence, and in South Africa this difference is recognised and maintained; if the State were to arrogate to itself supremacy in the university's sphere of competence it would end up in State absolutism.

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17. Van Wyk de Vries Commission, op.cit., p. 23.
18. Ibid., pp. 85-86.
19. Loc.cit.
20. Loc.cit.

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These entities exist side by side in association with each other, and this gives rise to various functions vis-à-vis each other. The university cannot exist in a vacuum; it cannot isolate itself completely from the State and function as an imperium in imperio; it cannot decide for itself what national policy or public interest ought to be and perform its function on that basis. It always exists in association with the State and other spheres, including society and the community, and will perform its function in a completely responsible manner and in harmony with every other sphere, including the State. In performing its function on this basis, the university is free to decide who should be admitted as a student, what should be taught and how it should be taught, and to be scientifically active in connection with the country's policy and politics.

In the relationship between the State and the university, the latter's most important function is to educate its students up to a certain cultural level, so that they are competent to take the lead in virtually every sphere of society. This is of vital importance to the State, and its survival largely depends on it. But however, important it may be, it is beyond the State's sphere of authority to prescribe what a good university should be, how it should carry out its function and how it should run its domestic affairs.

On the other hand, the State has an obligation towards its citizens to enable them to measure up to the demands it makes of them, and from this arises the function of the State to finance, from public funds, the institution that provides the required training. From this principle it is clear that, no matter how substantial the State's financial assistance to the university, it does not entitle the State to any say in the domain of the latter's autonomy".(21)

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21. Loc.cit.

Another important component of this relationship between State and university is that of "corrective interaction"[22]. The Commission made the following pertinent observation in this regard.

> "The relationship between State and university includes a corrective interaction, especially if one should encroach on the other's sphere of competence. Section 27 of the Universities Act, 1955 grants the Minister wide powers to withhold the whole or any part of State assistance to a university in certain circumstances, but these powers have never been used by the State in such a way as to encroach on the university's sphere of competence. The university's corrective action against the State consists in making representations, either direct or through the Committee of University Principals, and even protest".(23)

The university relies heavily on the State for financial assistance without which the university as an institution cannot survive to fulfil its goals and objectives.

Consequently, the Van Wyk de Vries Commission emphasised that the State could suspend or stop the financing of an university as a 'corrective interaction' measure and noted in this regard that :

> "An essential condition for State subvention to the university is that the latter should carry out its function properly and that it should not exceed its capacity. If the university fails to comply with this condition, the State's function of financing it falls away".(24)

The Commission rejected the view that the State should provide only the finance for university activities without a corresponding responsibility function of the university towards the State.[25]

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22. Ibid., p. 87.
23. Loc.cit.
24. Loc.cit.
25. Loc.cit.

The Commission concluded in this matter as follows:

> "The contention that the State should exercise self-restraint in this relationship is only partly valid, since not a word is said about the university's responsiblity as regards its functions in respect of the State; the idea that the university exists separately from the State and that the latter has only one function, namely to provide funds, as its duty and privilege, is in conflict with reality and the concepts of the nature and function of the university, and must be rejected".(26)

In the light of the above discussion it could be stated that universities cannot achieve their aims and objectives without the financial assistance of the State.[27] The State in turn cannot provide education and training for its people, without the university as an institution. Therefore, both these institutions complement each other. Consequently, both should work in an atmosphere of harmonious co-operation in order that the highest standard of education and training is provided for the people at large.[28]

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26. Loc.cit.

27. Universities throughout the world receive financial support from the State. Perkins et al reflect on this relationship in other countries of the World - vide Perkins, J A and Israel, B B (Eds) : Higher Education: From Autonomy to Systems, the Forum Series, Voice of America, United States Information Agency, Washington DC, 1973.

28. Leussink speaks of the universities in the Federal Republic of Germany and their unique relationship with the State:
"So,the relationship between the universities and the governments is marked by a pattern of interaction and interdependence between the governments and the academic self-administration, that is, the administration exercised by the universities themselves. The right division of powers between the government, which provides on the whole all the money for the maintenance of the university, and the university with its independent self-administration emanating from the constitutionally guaranteed academic freedom, poses the problem with which universities and governments have to cope every day", - vide Leussink, H : "The Federal Republic of Germany" in Higher Education...,

5. PUBLIC ADMINISTRATION

Hanekom and Thornhill[29] state that public administration is a comprehensive and peculiar field of activity comprising of numerous functions performed by public officials in public institutions and is directed at achieving the national goal of community welfare by producing the necessary goods and services. These activities or functions can be classified into three groups.

- The generic administrative activities of : policy-making, financing, organising, staffing, determination of methods and procedures and control.
- The line or functional activities peculiar to specific services such as, education, postal services or defence.
- The auxiliary activities such as, collecting and interpreting of statistics, public opinion surveys and research which are necessary to expedite the execution of the generic administrative activities.[30]

It must be emphasised that the line and auxiliary activities can only be executed simultaneously with or after the administrative functions.[31]

Cognisance must be taken of the fact that the generic administrative functions constitute the enabling thought processes and actions which determine the nature and scope of the line and auxiliary functions.[32]

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29. Hanekom, S X and Thornhill, C : Public Administration in Contemporary Society : A South AFrican Perspective, Macmillan (South AFrica) (Pty) Ltd., Johannesburg, 1985, p. 76.
Hanekom, et al express the view of Cloete who advocates the generic view of administration - vide Cloete, J J N : Personnel Administration, J L van Schaik, Pretoria, 1985, pp. 1-2.

30. The generic administrative view is predominantly taught in nearly all South African universities. Hanekom, et al severely critizes the stagnation in public administration and calls for a search for a general theory - vide Hanekom, S X, et al. : Key Aspects of Public Administration Macmillan South AFrica (Pty) Ltd., Johannesburg, 1986, p. 70.

31. Cloete, J J N : "The Classification of the Components of Public Administration for the Purposes of Study and Research", The Public Servant, Pretoria, February, 1982, p. 9.

32. Cloete, J J N : Introduction to Public Administration, Third Edition, J L van Schaik, Pretoria, 1986, p. 4.

This means that for the achievement of an objective the following aspects must be determined :

- a policy must be formulated;
- finance has to be made available;
- organisational arrangements are necessary;
- the staffing requirements (that is, the provision and utilisation of personnel) must be met;
- methods and procedures must be determined; and
- control must be exercised to evaluate the extent to which the objective has been attained.

Concomitant to the generic administrative process are certain human capacities and capabilities which are considered fundamental to the achievement of goals and objectives. These phenomena, include, inter alia, communication, decision-making, data processing and planning.

All public officials must possess the required ability, knowledge, skills and behavioural attitudes tocarry out their duties effectively and efficiently.[33] Moreover, to simplify and expedite their work, aids such as, computers, word processors and dictaphones are extensively used.[34]

In the execution of the activities constituting public administration, public functionaries require to constantly bear in mind the normative factors[35] of public administration, namely :[36]

- legislative supremacy;
- public accountability;
- efficiency and effectiveness;
- requirements of administrative law; and

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33. Cloete, J J N : Personnel Administration, op.cit., p. 1.
34. Andrews, Y : Medical Practitioners and Nursing Professionals as Public Administrators, Haum Educational Publishers, Pretoria, 1982, p. 77.
35. See infra., p. 83.
36. Cloete, Introduction to Public Administration, op.cit., pp. 9-34.

- ethical standards [37)]

In carrying out their functions, public officials must respect these norms and must realise that they have specific obligations and responsibilities which must be fulfilled. Therefore, the normative factors have a bearing on the conduct of public officials.

6. UNIVERSITY ADMINISTRATION

The university as an established public institution, requires institutionalised group activity to be directed towards goal realisation.[38)] These activities comprise the enabling administrative processes, together with the functional and auxiliary processes.[39)]

The activities constituting university administration are :

(i) the generic administrative processes comprising :

- policy-making;
- financing;
- organising;
- staffing;
- determining methods and procedures; and
- control

(ii) the functional processes such as, inter-alia:

- purchasing of stores and equipment;
- registration of students; and
- conducting of examinations

(iii) the auxiliary processes are inter-alia:

- data-processing;
- undertaking opinion surveys; and
- collection and interpretation of statistics

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37. Cloete refers to these aspects as principles, guidelines, and tenets whilst Hanekom refers to it as norms. These factors which guide functionaries may also vary from writer to writer. However, for the purposes of this dissertation the abovementioned factors are considered sufficient.

38. Cloete, Personnel Administration, p. 1,

39. Loc.cit. - vide Botes, P S : "The Concept Administration", The Public Servant, Pretoria, February, 1973, pp. 13-16.

These processes must be executed by the university administrators in order to achieve the goals of the institution. In the following discussion the aforementioned processes will be explained.

6.1 GENERIC ADMINISTRATIVE PROCESSES

6.1.1 Policy-Making

Cloete states that one of the basic requirements of public administration is that each and every activity be directed at achieving a set goal. Consequently, an objective has to be set for each public institution, and has to be adapted continuously to meet changing needs and circumstances.[40)]

Many writers use the terms, goals, objectives and policies synonomously.[41)]

Cloete states :

"The activity which precedes the announcement of the objective is known as policy-making".(42)

Andrews describes the goals of an institution as :[43)]

- being future orientated;
- an ideal state of affairs; and
- striving for an objective which must be achieved.

Anderson defines policy as :

"A proposed course of action of a person, group or government within a given environment providing obstacles and opportuni= ties which the policy was proposed to reach and overcome in our effort to reach a goal".(44)

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40. Cloete, Introduction to Public Administration, op.cit., p. 56.
41. Robbins, S P : The Administrative Process : Integrating Theory and Practice, Prentice-Hall Inc., Engelwood Cliffs, 1976, pp. 133-134.- vide Cloete, Introduction to Public Administration, pp. 56-57.
42. Cloete, Introduction to Public Administration, op.cit., p. 57.
43. Andrews, Y : Medical Practitioners and Nursing Professionals as Public Administrators, Haum Educational Publishers, Pretoria, 1982, p. 27.
44. Anderson, J E : Public Policy-Making,Thomas Nelson and Sons, London, 1975, p. 3.

Therefore, it could be stated that the activity of goal declaration must be preceded by various processes of policy-making, so that when an objective or goal is announced, it implies that a policy has in fact been stated.[45]

The goals, objectives or policies of a university include, inter alia :[46]

(i) instruction in skills suitable to play a part in the general division of labour;
(ii) teaching to promote the general powers of the mind;
(iii) the advancement of learning;
(iv) the transmission of a common culture and common standards of citizenship.

The university council is the highest policy-making body responsible for government and administration of the university.[47] The day to day administration is left in the hands of the principal or rector who is the chief executive officer of the university.[48] The rector has to ensure through the medium of his chief administrative officials, such as registrars, that all effort of the university staff are directed to the achievement of goals with due regard to the normative factors.[49]

However, the pursuit and achievement of these goals are not possible without the organisational arrangement which is one of the primary requirements for goal realisation.

6.1.2 Organising

Cloete stresses the significance of the organising function as follows :

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45. Andrews, op.cit.,p. 27.
46. Report of The Steering Committee for Efficiency Studies in Universities, op.cit.,p. 9.
47. - vide Section 8(1) University of Durban-Westville Act, 1983 (Act 81 of 1983).
48. Ibid., Section 7(1).
49. See infra., p. 83.

"The statement that administration takes place as soon as two or more individuals co-operate in achieving an objective, means that organisation has to take place".(50)

Andrews reinforces this thought by stating that :

"Goals cannot be achieved if individuals do not co-operate in an organised manner to accomplish a specific goal".(51)

Bhambri considers organising to be :

"... a systematic bringing together of independent parts to form a unified whole. Organisations are created to achieve specific ends; they are functional structures. A specified job is to be done. The whole expanse of work to be done is divided and a structure of relation= ships is created. The result is that an 'organisation' has been established. Precisely, organising means, 'designing the structure'".(52)

Richardson, et al note that organising occurs when :

"... artificial, human-created social institutions are brought into being whenever the achievement of any goal or objective requires the utilisation of the talents and services of a number of people".(53)

Hanekom, et al are of the view that the following factors are considered essential for efficiency and effectiveness in organising : 54)

- identification of need;
- structure creation;
- determination of authority;

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50. Cloete, Introduction to Public Administration, op.cit., p. 78
51. Andrews, op.cit., p. 38,
52. Bhambri, C P : Public Administration (Theory and Practice), Jai Prakash Nath & Co., Meerut City, India, 1975, p. 40.
53. Richardson, J L & Baldwin, S : Public Administration : Government in Action, Merril Publishing Co., Columbus, Ohio, 1976, p. 177.
54. Hanekom, et al: Key Aspects of Public Administration, op.cit.,p. 213,

- preservation of unity of authority;
- span of control;
- delegation;
- centralisation and decentralisation;
- control and supervision;
- flexibility; and
- co-ordination.

The process of organising, therefore, requires individuals to co-operate in an orderly, systematic and co-ordinated manner within an institutionalised context to attain a predetermined objective.[55)]

6.1.2.1 Line and Body Structure

In terms of the foregoing exposition, the universtiy organisational structure could be viewed in terms of a line hierarchy of functionaries and an hierarchy of various bodies within the institution.

According to Figure 1, the line hierarchy comprises of the various functionaries of the university, namely, e.g.the rector, vice-rectors, the registrars and heads of departments and divisions.

Figure 2, reflects the body hierarchy comprising of the various units within the university, such as : the council, executive committee of council, senate, executive committee of senate, faculty boards, faculty committees and sub-committees of council such as the finance committee and the physical planning committee.

The organisational structure is to an extent determined by legislation, for example, Section 4 of the University of Durban-Westville Act, 1983 (Act 81 of 1983), sets out both the line and body composition. The specific organisational arrangements are left to the university councils and may differ marginally from university to university.

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55. Andrews, op.cit., p. 39.

FIGURE 1

A SIMPLIFIED REPRESENTATION OF THE LINE HIERARCHY OF A UNIVERSITY

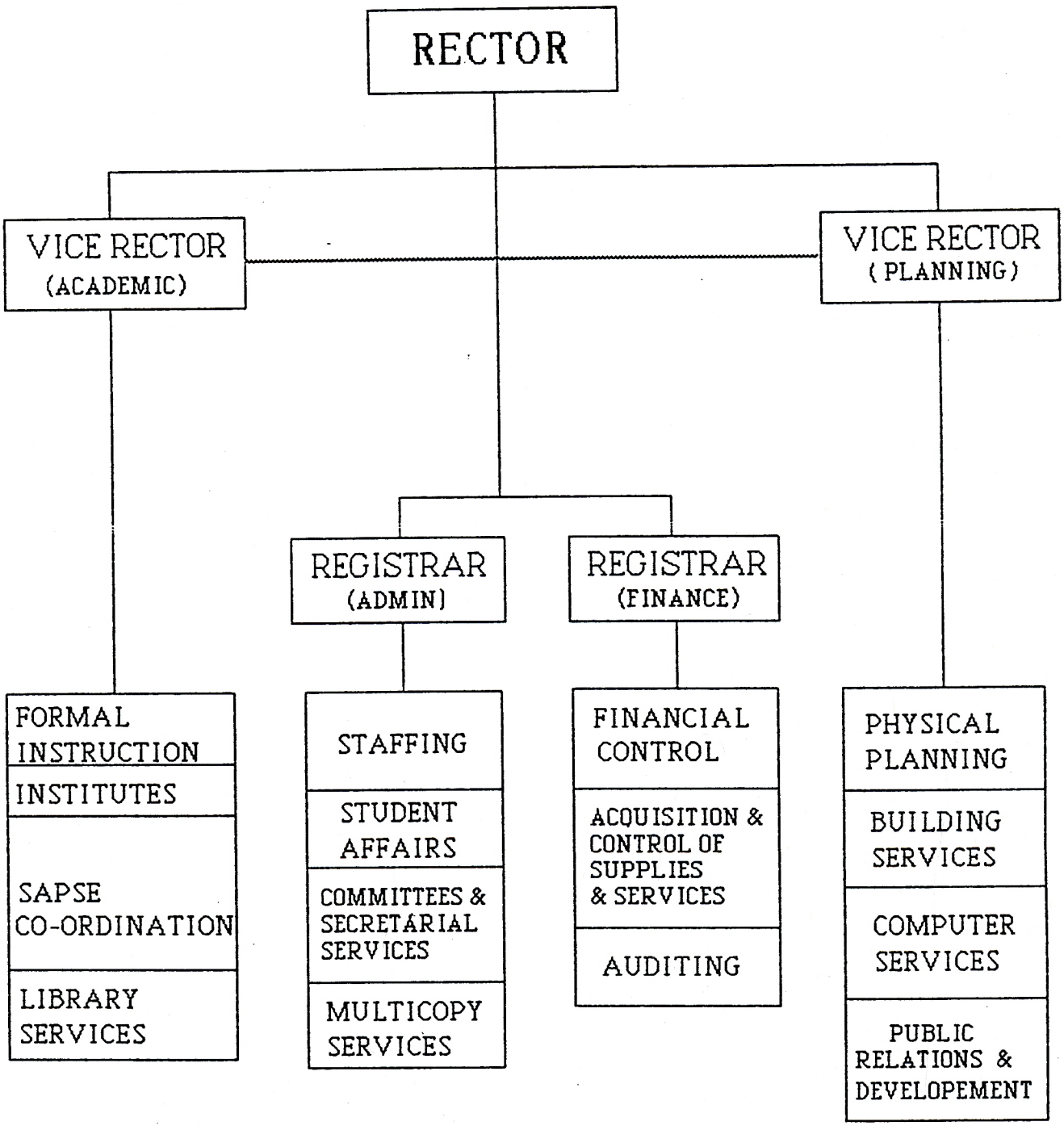
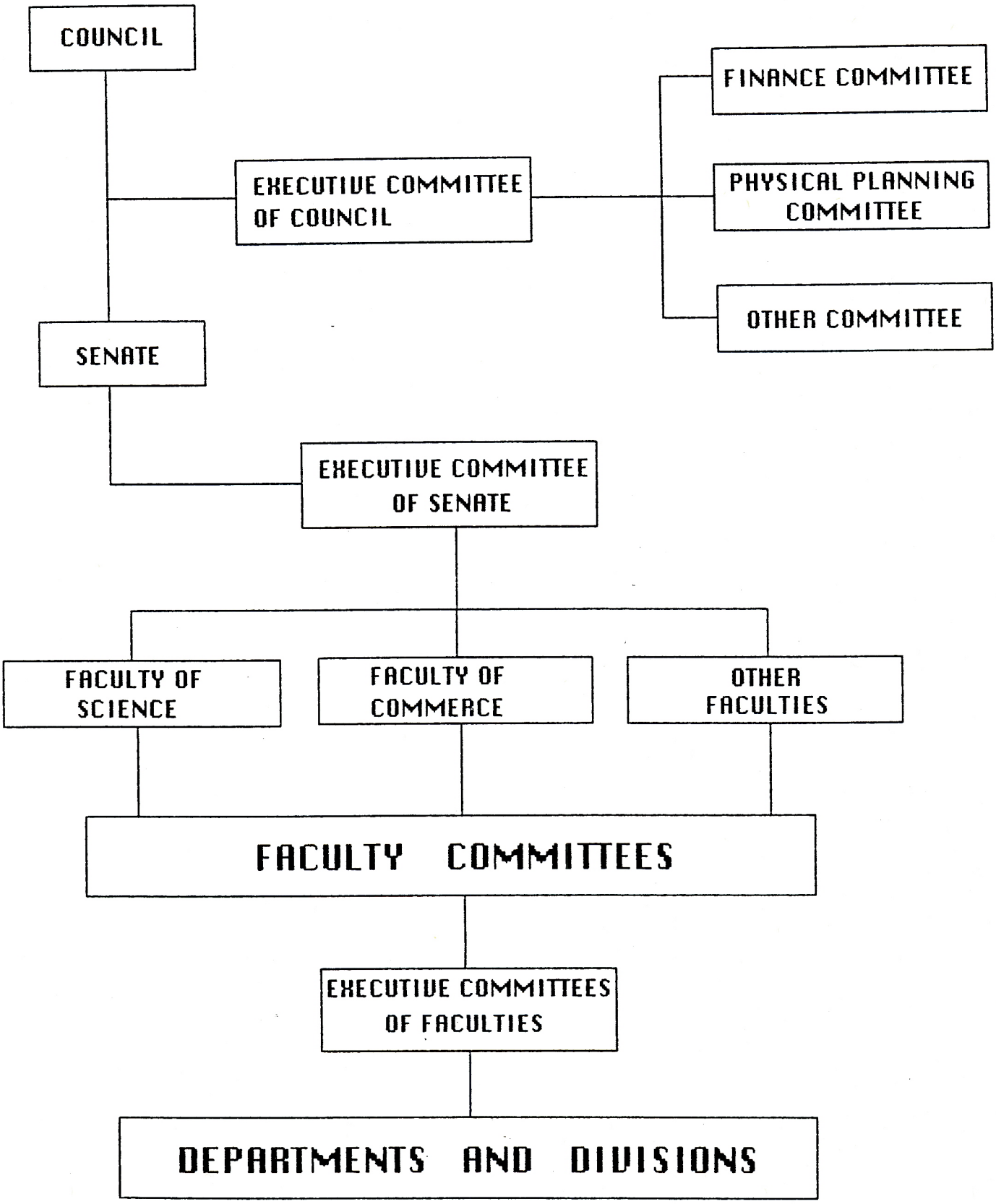


FIGURE 2

A SIMPLIFIED REPRESENTATION OF THE HIERARCHY OF BODIES IN A UNIVERSITY



6.1.2.2 Duties and Functions

The duties and functions of the various functionaries and bodies may be obtained from handbooks, rules and regulations of the various universities.

The Van Wyk de Vries Commission, under the heading, "The Structure of Control of the University" discusses this matter at length.[56]

From these sources the following important deductions could be made :

(i) The university council is the highest authoritative body of an university and is responsible for the administration and control of all activities pertaining to the institution.

(ii) The senate, subject to control of council, is next on the hierarchy of authoritative bodies, but is concerned primarily with academic matters, comprising instruction and research.

(iii) The principal or the rector is the chief executive officer and the overall university administration (including academic matters) falls under his guidance and direction. He is an ex-officio member of council and also chairman of Senate.

The rector's position in the line hierarchy is emphasised by the Van Wyk de Vries Commission as follows :

"... only one aspect need to be mentioned, viz., his key position in co-ordinating the functions of council and senate since he is in the most influential position in both organisations".(57)

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56. Van Wyk de Vries Commission, op.cit., pp. 66-79.

57. Ibid., p. 62.

(iv) The various committees and sub-committees play an increasingly important role in the day to day administration of universities and in the overall activity of institutionalised goal realisation.

It is clear that the rector as the chief executive officer together with council should ensure an organisational hierarchy which is best suited to the achievement of the university goals. Therefore ,consideration should be given to the elements of good organising, which are, inter alia, determination of communication channels, division of work, delegation of power, span of control and co-ordination.

This implies that in order to utilise the services of personnel to the maximum benefit, they should be grouped in a particular manner to ensure their activities are aimed at particular goals and that it collectively results in achieving the goals of the university.[58)]
This necessitates the process of staffing.

6.1.3 Staffing

Once the organisational structure has been determined it is imperative that suitable personnel are employed to fill these positions. No institution can be expected to function and achieve its goals without the manpower to do so.

Staffing, as this function of provision and utilisation of staff is often called, is one of the six main categories of administrative functions.[59)]

Cloete states that the activities constituting the staffing function comprises of :[60)]

- the generic administrative activity;
- the functional activity; and
- the auxiliary activity

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58. Hanekom, S X and Thornhill, C : The Functions of the Public Administrator, Butterworth Publishers, Durban, 1986, p. 81.

59. Cloete, Personnel Administration, op.cit., p. 1.

60. Ibid., pp. 7-8.

These functions are depicted in Table 3.

TABLE 3[61]

ACTIVITIES CONSTITUTING THE STAFFING FUNCTION

GENERIC ADMINIS= TRATIVE FUNCTIONS	AUXILIARY FUNCTIONS	FUNCTIONAL ACTIVITIES			
		PERSONNEL PROVISION FUNCTIONS	SUPPORT FUNCTIONS	TRAINING AND DEVE= LOPMENT FUNCTIONS	UTILISATION FUNCTIONS
Policy-making Organising Financing Staffing Determining work procedures Controlling (checking and rendering account)	Collection and pro= cessing of data Decision-making	Creation of posts (jobs) determination of establish= ment Recruitment' determining personnel needs determining fields of recruitment attraction of candidates selection Placement Probation Promotion Transfer Termina= tion of services	Determin= ing condi= tions of service remunera= tion fringe benefits Record-keeping Settle= ment of grievances Counselling Employer-employee relations; joint con= sultation Research Health, safety and welfare	Induction/ orientation Training Develop= ment (these functions could well have been listed under one or more of the other headings- e.g. per= sonnel provision functions but they are dealt with separately here for the sake of clarity	Providing work programmes Leadership Discipline Evaluating work performance (appraisal procedures or merit rating)

These interrelated activities must be undertaken in a purposeful and thorough manner to ensure that the goal of the staffing function, (that is, the effective and efficient provision and utilisation of personnel) is achieved.

61. Loc. cit.

Many aspects of the staffing function, such as the constitution of the university, appointment of the rector, vice-rector, registrar and the council of the university are prescribed by specific legislative measures which may differ from university to university.[62)]

The preamble of the University of Natal (Private) Act, 1960 (Act 7 of 1960) provides as follows :

"to specify with more particularity the powers, functions and duties of the Council in relation to the appointment of members of the academic staff and officers".

The University of Zululand Act, 1969 (Act 43 of 1969) provides for different aspects of staffing such as, determining of the staff establishment and the discharge and conduct of staff.

In most instances, legislation provides that the council of the university is responsible for framing conditions of service of its employees. These rules and regulations concerning personnel are compiled into a handbook and are made available to members of staff on appointment.

Therefore, it could be stated that the rector,together with the university council,should ensure that their personnel policy is dynamic, adaptable to changing times and circumstances and above all emphasise employee satisfaction in order that the university goals can be achieved.

Finance is necessary not only to execute the staffing function, but for all activities directed to achieve the goals of the university.

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62. - vide Republic of South Africa : University Act, 1955 (Act 61 of 1955), University of Durban-Westville Act, 1983 (Act 81 of 1983), University of Natal (Private) Act, 1960 (Act 7 of 1960), University of Zululand Act, 1969 (Act 43 of 1969).

6.1.4 Financing

Universities are public institutions created by the State to render specific services for the promotion of community welfare. It is obvious that they cannot be expected to perform without finance. Consequently, public institutions are financed either partially or totally from State funds.[63]

According to Cloete, financing relates to the following:[64]

- determination of income and expenditure;
- preparation and execution of the budget;
- maintainenance of financial records;
- ensuring that expenditure is in accordance with legislative directives;
- provision and control of money in appropriate accounts;
- ensuring efficiency and effectiveness of all financial activities; and
- maintenance of public accountability.

The method of financing South African universities has historical connotations and was developed over many decades. It has in fact been the subject of many government enquiries since 1910.[65]

In this regard significant contributions have been made by the Holloway Commission[66] the Van Wyk de Vries Commission[67] and the University Advisory Council Committee.[68]

All South AFrican universities are financed according to the same subsidy formula based on the South African Post Secondary Education Report - 0001[69].

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63. See supra., p. 16.
64. Cloete, J J N : Local Government Administration, Institute of Town Clerks of Southern Africa, Pretoria, 1978, pp. 63-78.
65. Behr, A L and Macmillan, R G : Education in South Africa, J L van Schaik, Pretoria, 1971, p. 80.
66. See infra., p.56.
67. See infra., p. 57.
68. See infra., p. 59.
69. Letter 2/1/1/1/1 dated 23 September 1986, from the Director-General, Department of National Education , Pretoria.

Since universities have to compete with other public institutions for financial assistance from the State, the SAPSE [70] formula funding of universities ensures an equitable method of obtaining finance based on relative inputs and outputs of universities.[71]

In order to guarantee that the functions constituting university administration are achieved in a systematic and methodical manner the devising of methods and procedures are an absolute necessity.

6.1.5 Determining of Methods and Procedures

Once goals have been formulated, organising arranged, the personnel requirements determined and finances provided, it is essential to determine methods and procedures necessary to carry out all activities which will collectively result in the achievement of the goals of the institution.[72]

Cloete stresses the need for (methods and) procedures as follows:

> "To ensure that everyone in a specific organisational unit co-operates in attaining the policy objective and in the process does not waste time, it is essential for a specific work procedure to be laid down for each task. This will result in efficient work performance in that work will be done in the shortest time, using the minimum amount of labour and at the lowest cost".(73)

The term 'methods' and 'procedures' shall be explained.

According to Funk and Wagnalls Standard Dictionary, [74] 'method' has the following meanings :

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70. SAPSE refers to "South African Post SEcondary Education",a system presently used by the Department of National Education to determine state subsidies for universities. Hereinafter, the term SAPSE would be used.
71. Melck, A P : "Methods of Financing Universities with Special Reference to Formula Funding in South AFrica", Report SAPSE-134, Department of National Education, Pretoria, April 1983, pp. 223-224.
72. Cloete, Introduction to Public Administration, op.cit., p. 162.
73. Loc.cit.
74. Funk and Wagnalls Standard Dictionary of the English Language, International Edition, Vol. 2, Funk and Wagnalls, New York, 1970, p. 802.

- a general or established way or order of doing anything, or the means or manner by which it is presented or taught; and
- an orderly and systematic arrangement, as of ideas and topics.

'Procedure' is defined as :[75]

- a manner of proceeding or acting;
- an act or special course of action;
- the methods or forms of conducting a business, collectively.

From the above meanings it would appear that the words 'methods' and 'procedures' are synonymous. In fact these words are often used interchangeably.

For the purpose of this dissertation, these terms would be used as follows :

'Method' is used to identify a specific mode of action. For example, methods of purchasing are defined as :[76]

- purchase without negotiations;
- informal quotations; and
- formal quotations.

Each of these reflect a specific manner of executing the purchasing function.

'Procedure(s)' are considered to be interrelated steps pertaining to a specific method which has to be executed. In this regard it could be said that the procedures necessary to effect purchase by formal quotations are as follows :[77]

- determination of what is required;
- pre-selection of suppliers;
- send out formal invitations to suppliers for quotations; and
- receive, analyse and approve purchase.

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75. Ibid., p. 1005
76. See infra., p. 147.
77. See infra., p. 154.

UNIVERSITY OF DURBAN LIBRARY

Koontz and O'Donnel lend support to the above view :

"They are truly guides to action rather than to thinking, and they detail the exact manner in which a certain activity must be accomplished. Their essence is chronological sequence of required actions".(78)

In the same view Andrews adds:

"A procedure can be described as a series of inter= dependent, consecutive steps which must be taken towards the achievement of an objective".(79)

The significance of determining methods and procedures is highlighted by Cloete as follows:

"... it is once again necessary to emphasise that the determination of(methods and)procedures is one of the main components of the comprehensive process of public administration. In the public sector (methods and) procedures always flow from policy-making and in particular from legislation and regulations having the force of law, both of which regulate the conduct of public officials and set limits as to what they may and may not do". (80)

The role of the university council as a policy-making body is to formulate and approve methods and procedures in order that the university achieves its goals.[81)]

It is clear that active steps should be taken to rationalise methods and procedures on a continuing basis and where necessary, to set them out in printed manuals and codes.[82)]

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78. Koontz, H & O'Donnel, C : Principles of Management : An Analysis of Managerial Functions, Fifth Edition, McGraw Book Co., New York, 1971, p. 120.

79. Andrews, op.cit., p. 121.

80. Cloete, Introduction to Public Administration, op.cit., p. 178.

81. - vide The University Act, 1955 (Act 61 of 1955) makes provision for rules and regulations for the administration of the university.

82. Cloete, Introduction to Public Administration, op.cit., p. 168.

Cloete is of the opinion that it is important for methods and procedures to be established for the following reasons:[83]

- to prevent multiplicity of methods and procedures;
- to ensure work is directed to set objectives;
- to ensure clear cut work assignment to work;
- to ensure effective and efficient work performance;
- to make members aware of new methods and procedures in an orderly manner;
- to dispense knowledge of work especially in the form of training to new incumbents; and
- to ensure a timeous re-examination of methods and procedures to ascertain whether prescribed goals are being achieved or if a revision is necessary.

It is therefore incumbent on the rector and council to ensure the orderly and smooth functioning of the university divisions in order to achieve its objectives. Consequently, all methods and procedures should be subject to review from time to time to ensure that where possible changes could be effected.

Once methods and procedures have been determined it is necessary to ascertain whether such procedures are in fact resulting in the achievement of expected goals. In this regard the generic administration activity of control becomes imperative.

6.1.6 Control

Control is the last but not the least important of the generic administrative processes. Control ensures evaluation and appraisal.

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83. Ibid., pp. 168-170.

According to Fayol :

"Control is the examination of results. To control is to make sure that all operations at all times are carried out in accordance with the plan adopted - with the orders given and with the principles laid down. Control compares, discusses and critises; it tends to stimulate planning, to simplify and strengthen organisation, to increase the efficiency of command and to facilitate co-ordination".(84)

Robbins defines control as :

"... the process of monitoring activities to determine whether individual units and the organisation itself are obtaining and utilising their resources effectively and efficiently so as to accomplish their objectives, and, where this is not being achieved, implementing corrective action".(85)

Control, therefore, involves checking that personnel remain in the direction of achievement of objectives in such a manner that account can be rendered to the effect that all processes concerned have been carried out with the least cost but the highest possible achievement of objectives.[86] This aims at ensuring corrective action if anticipated results are not being achieved.[87]

In most universities control is exercised in a twofold manner, namely, internal and external control.

Internal control is to an extent exercised by the institutional situation created by :[88]

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84. Fayol, H : "The Administrative Theory of the State", in Gulick, L and Urwick, L : Papers on the Science of Administration, Institute of Public Administration, New York, 1973, p. 103.

85. Robbins, op.cit., p. 370.

86. Cloete, Local Government Administration, op.cit., pp. 79-88 .

87. Dimock, M E,et al : Public Administration, Fifth Edition, Holt, Rinehart and Winston, New York, 1983, p. 228.

88. Cloete, Introduction to Public Administration, op.cit., p. 181.

(i) policy-making which demarcates the field of work and sets the objectives;

(ii) the organisational arrangements such as delegation of authority, and division of work, which give form to the university;

(iii) the determination of methods and procedures which the functionaries have to follow; and

(iv) the financing arrangements, since the programme of work which has to be done is set out in detail when the university councils are asked to approve the budgets each year.

Other forms of internal control which apply at universities include, report on work activities, inspections, cost accounting, statistical returns and minutes of meeting.[89]

In the university the power of executive and administrative authority is vested in the university council which acts as the controlling body.[90] The council in turn delegates its control function by virtue of statutes and regulations to specific functionaries within the university.[91]

The rector as the chief executive officer must accept overall responsibility for the control function.[92] The support function of the university is delegated to the registrar who is regarded as the chief administrative officer.[93] This functionary ensures that the various support activities are carried out in accordance with the set methods and procedures.

Universities are subject to external control by virtue of specific legislature measures applicable to them. In regard to financial control, section 38(1) and (2) of the University of Zululand Act, 1969 (Act 43 of 1969) states as follows:

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89. Loc.cit.
90. See infra., p. 77.
91. See infra., p. 77.
92. See infra., p. 77.
93. See infra., p. 77.

"(i) The council shall cause a full and correct account to be kept of all moneys received or expended by the university and of all assets and liabilities and all financial transactions of the university.

(ii) The council shall once every year and at the time and in the manner determined by the Minister, transmit to the Minister, in respect of the preceding year, a report of its proceedings and of the management of the university, together with a statement of revenue and expenditure and a balance sheet, duly audited by a person registered as a public accountant and auditor under the Public Accountants' and Auditors' Act, 1951 (Act No. 51 of 1951) and appointed by the council, and shall further furnish the Minister with any additional information required by him in regard to the administration and finances of the university".

Such reports are tabled in Parliament through the Minister of Education and Training and are subject to questions and debates. Section 35(a) of the University of Zululand Act, 1969 (Act 43 of 1969) states in this regard :

"Such report, statement and balance sheet, shall be laid by the Minister upon the Table in Parliament within 14 days after receipt if Parliament is then in ordinary session or, if Parliament is not then in ordinary session, within 14 days after the commencement of its next ensuing ordinary session".

It is therefore, clear that universities as public institutions must be made to account for their activities publicly.[94)]

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94. Cloete, Central, Provincial and Municipal Institutions of South Africa, op.cit., p. 192.

6.2 FUNCTIONAL PROCESSES

The functions constituting the functional processes are, inter alia :

- registration of students;
- acquisition and control of stores and equipment;
- conducting of examinations; and
- maintenance of buildings and grounds.

Functional activities could be further broken down into specialised line functions, such as personnel, purchases, stores and maintenance.

6.3 AUXILIARY PROCESSES

The auxiliary processes assist in the execution and performance of the administrative and functional activities. These activities comprise of, inter alia, data-processing, undertaking opinion surveys, decision-making and collection and interpretation of statistics.

The execution of the administrative, functional and auxiliary activities are considered fundamental to ensuring efficiency and effectiveness in university administration. Coupled to this is the need for well educated personnel with the necessary ability, knowledge,skills and behavioural attitudes to achieve the goals of the university.

7. SUMMARY

South African universities are public institutions in that they are established in terms of legislation. Legislative measures make provision for the powers and functions of university councils which are the supreme policy-making bodies. Further,characteristics of universities as public institutions are that they are funded from State revenue and that certain appointments to the university councils are determined by political office-bearers.

In order for universities to achieve their goals the activities constituting public administration have to be executed. Public administration is a comprehensive field of activity and comprises of several specialised branches. University administration which is a sub-field of pubic administration consists of :

- the generic administrative processes comprising :

  - policy- making
  - financing;
  - organising;
  - staffing;
  - determining methods and procedures; and
  - control

- the functional processes such as :

  - purchasing of stores and equipment
  - registration of students; and
  - conducting of examinations.

- the auxiliary processes are, inter alia :

  - data-processing;
  - undertaking of opinion surveys; and
  - collection and interpretation of statistics.

The generic administrative processes consists of thought processes and actions that determine the nature and scope of functional and auxiliary activities. The auxiliary activities assist in the execution of the administrative and functional activities. Concomitant to the generic administrative processes are certain human capacities and capabilities which are considered fundamental to the achievement of goals and objectives. These intra-generical phenomena, include, inter alia, communication, planning, decision-making and data processing. Furthermore, in order to simplify

and expedite these processes it is necessary to utilise aids, such as computers and word processors. The officers charged with the execution of these activities must possess the proper knowledge, skills and behavioural attitudes.

Functionaries must take cognisance of the normative factors such as, legislative supremacy, public accountability, efficiency and effectiveness, requirements of administrative law and ethical standards, in the execution of their functions.

CHAPTER III

UNIVERSITY FINANCIAL ADMINISTRATION WITHIN THE CONTEXT OF UNIVERSITY ADMINISTRAITION

1. INTRODUCTION

It has been established that university administration is a sub-field of public administration. University administration com= prises of specialised component activities such as, university financial administration, university personnel administration and university library administration.

Each of these fields require that the generic administrative functions should be adapted to its unique environment.

This chapter gives prominence to :

- the nature and content of financial administration within the context of university administration;
- legislative and administrative measures pertaining to university financing; and
- the funding formula applied to South African universities.

2. FINANCIAL ADMINISTRATION

Financial administration is one of the sub-fields of public administration. In this regard Kruger states as follows:

> "In the public sector, financial administration is one of the six generic processes in which the administative process can be divided for analytical purposes".(1)

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1. Kruger, H B : "The Exchequer and Audit Act, 1975 (Act 66 of 1975)", The Public Servant, Pretoria, July 1978, p. 14.

Handa lends support to this view and defines it as follows:

> "Financial administration is a part of the total process of administration and the same concepts and principles are applicable to it as in the case of administration as a whole. Financial administration, which involves raising of resources, their proper allocation amongst various purposes and activities, and an efficient and economical spending of these resources, is a very important function to determine the health of an organisation. It is a necessary service function and plays an integrating role by running through most other functions of the organisation".(2)

Financial administration may be explained as consisting of the six categories of administrative processes in relation to the functional and auxiliary processes.[3)]
The functional processes comprise, inter alia :[4)]

- procurement of money;
- custody of money; and
- expenditure of funds.

The auxiliary processes consist of, inter alia,bookkeeping, auditing and the collection and interpretation of statistics.[5)]

Each of the six categories of generic administrative processes has to be applied to the functional and auxiliary processes, and are hence referred to as the enabling activities. For example, there has to be a policy for procurement of money and a policy for the expenditure of money. Control has to be exercised over the pro= curement and expenditure of money.[6)]

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2. Handa, K L : "Reforms in Financial Administration", The Indian Journal of Public Administration, Vol. XXXI, No. 3, July-September 1985, p. 638.
3. Watson, M W : "Influence of the Private Sector on the Financial Administration of the Public Sector in South Africa", SAIPA Journal of Public Administration, Vol. 18, No. 1, March 1983, p. 2.
4. Loc. cit.
5. Loc. cit.
6. Loc. cit.

3. FINANCIAL ADMINISTRATION IN UNIVERSITIES

Like other public institutions in South Africa, a major share of the budget of universities is provided by the State.

Baxter states in this regard as follows:

> "There are also 17 universities each created under its own statute and numerous technikons which are together with universities linked to the central government and largely financed from the State Revenue Fund". (7)

A P Melck concurs with this explanation by stating that :

> "... the administrative control over the South African universities is spread over several government departments. However, ultimately, the funds of each are derived from one source, namely, the State Revenue Fund". (8)

3.1 LEGISLATIVE AND ADMINISTRATIVE MACHINERY

In terms of Section 14(2) of the Republic of South Africa Constitution Act. 1983 (Act No. 110 of 1983), the administration of education at all levels is an "own affairs" matter. [9] This means that each of the three Houses of Parliament, that is, House of Assembly, House of Representatives and House of Delegates, is responsible for the administration of this function for its respective population group. The educational needs of the Black population are administered by the Department of Education and Training. [10]

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7. Baxter, L : Administrative Law, Juta & Co., London, 1984, p. 184.
8. Melck, A P : "Methods of Financing Universities with special reference to Formula Funding in South Africa", Department of National Education, Report : SAPSE-134, Pretoria, April 1983, p. 309.
9. See supra., p. 16.
10. Republic of South Africa : Annual Report of the Department of Education and Training for 1983 Calendar Year - RP 65/1983 Government Printer, Pretoria, 1983, p. 3.

The co-ordination of all educational activities is executed in terms of the National Policy for General Education Affairs Act, 1984 (Act 76 of 1984). In this regard, the Minister of National Education is empowered to consult various representatives and bodies in order to ensure that a general education policy is laid down.[11]

These representatives include :

- each Minister of a State department responsible for education and this normally takes place in the Committee of Education Ministers;
- the South African Council for Education, in respect of school education and the training of teachers;
- the Universities and Technikons Advisory Council regarding matters of general policy for universities and technikons.[12]

The general education policy empowers the Minister to determine the unifying factor in the educational system.[13] To this end, it is necessary to provide equal educational opportunities and resources with a view to treat all education departments on an equal basis.[14]

To assist the Minister of National Education in this respect, the National Policy for General Education Affairs Act, 1984 (Act 76 of 1984) provides for the establishment of the South African Council for Education and the Committee of Heads of Education Departments which would advise the Minister on educational matters.[15] Furthermore, the Universities and Technikon Advisory Council shall advise the Minister at the tertiary educational level.[16]

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11. Republic of South Africa : Annual Report of the Department of National Education for the 1985 Calendar Year, RP 24/1986, Government Printer, Pretoria, 1986, p. 10.
12. Ibid., p. 12.
13. Ibid., pp. 11-12.
14. Loc.cit.
15. Vide Sections 2, 3, 4 and 5 of the National Policy for General Education Affairs Act, 1984, (Act 76 of 1984).
16. Ibid., Section 2(b); vide Universities and Technikons Advisory Council Act, 1983 (Act 99 of 1983).

Although education is an "own affairs" matter the aspect of financing is subject to "general affairs" administration. In this regard the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983) states in terms Schedule 1, Item 2(a) that the "norms and standards for financing of running and capital costs of education" shall be the subject to any general law.[17] In these instances, such matters shall be discussed under 'general affairs'.[18]

This provision enables the government to ensure equitable treatment to all universities in respect of financing and is in agreement with its general education policy as stipulated in the National Policy for General Education Affairs Act, 1984 (Act 76 of 1984).[19]

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17. - vide Sections 14 and 15, Republic of South African Constitution Act, 1983 (Act 110 of 1983).

18. - vide Section 2(a), National Policy for General Education Affairs Act, (Act 76 of 1984)

19. Ibid.,

The principles on which the general education policy are based arose out of findings and recommendations made by the Human Science Research Council investigation into education in South Africa.. The Human Science Research Council was directed to do so by the Cabinet in June 1980. The Council released its Report in October 1981. The Government subsequently appointed an Interim Education Working Party to advise the Government on the Report. This was executed in consulation with the various Ministers of Education. The Interim Education Working Party handed its Report to the Minister of National Education in November 1982. Finally, in November 1983, the Government released its recommendations and comments in terms of a White Paper on the Provision of Education in the Republic of South Africa.

An important recommendation made by the Interim Education Working Party was that the Government should investigate the financing of the tertiary education sector with a view to laying down a sound and equal basis for the funding of all educational institutions at this level. - vide White Paper on the Provision of Education in the Republic of South Africa, Government Printer, Pretoria, November 1983, par. 4.16.2(ℓ), pp. 26-27.

The Annual Report of the Department of National Education (1985) lends support as follows:

> "As regards financial matters, during the past year efforts were concentrated on the development of general policy in respect of norms and standards for financing the education of all population groups through the use of formulae". (20)

4. FUNDING OF UNIVERSITIES

In order to obtain a fruitful discussion on the funding of universities an attempt is made to clarify 'autonomous' and 'State' universities.

The term 'autonomous university' is a misnomer because no university is financially indepdendent in the true sense of the word. All are reliant on State funds. The difference between the two concepts arose out of the degree of financing of these institutions by the State.

Oosthuizen, et al elaborates in this regard :

> "In the South African context, then the term 'open' or 'autonomous' is used loosely to describe universities which are attended in the main by whites and which receive about 85 per cent of their budgets from the State. Against this so-called 'State' universities, which are attended in the main by blacks are fully subsidised".(21)

Melck amplifies this explanation in the following way :

> "For administrative and financial purposes the various non-white universities fall under the government ministries

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20. Annual Report of the Department of National Education for 1985 Calendar Year, op.cit., p. 22.

21. Oosthuizen, G E; Clifford-Vaughan, A A; Behr, A L and Rauche, G A : Challenge to a South African University : The University of Durban-Westville, Oxford University Press, Cape Town, 1981, pp. 173-174.

responsible for the affairs of their particular ethnic group. As such they could be regarded as state universities, their staff appointments being subject to ministerial approval and their financial affairs conducted on a budgetary basis within the relevant state departments. Although the likelihood exists of greater autonomy being granted to these institutions in the future, their position is in contrast to that of the white universities, which although largely dependent upon the state for financial support, are essentially autonomous.

The autonomy of the white universities is enhanced by the financial support, received by these universities from the State, being allocated with the aid of a subsidy formula rather than by an administrative process. In addition, the vice-chancellors or principals of these universities form the Committee of University Principals which, besides fostering mutual understanding between these universities, is able to make representations to the authorities on behalf of this section of the University community". (22)

Oosthuizen, et al further notes that :

"The administrative difference between the two types of institutions lies in the fact that in all matters other than student admission, the partially subsidised universities have always enjoyed complete independence and take full responsibility for handling their own affairs, whereas the fully subsidised universities have had to bargain with the Minister for such privileges, which are being granted in stages". (23)

From the above expositions certain clearly defined characteristics could be developed of 'autonomous' and 'State' universities. Some salient features are cited :

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22. Melck, op.cit., pp. 12-13.

23. Oosthuizen, et al op.cit., p. 174.

(a) Autonomous universities are those institutions which are governed by a private act and where the administration of its activities are subject to control of the university council.

(b) State universities are created by a public act and are subject comparatively more to ministerial control in many aspects of its administration. In other words, approval of the Minister has to be sought or his con= currence obtained prior to the execution of a possible course of action.

(c) In autonomous universities, finances are met on a subsidised basis, dependent on the norms and principles of the SAPSE system of financing.

(d) In State universities, all funds are derived from the State, and where approved student fees are retained as part of the budgetary allocation. Furthermore, the funds are obtained through budgetary procedure via the responsible government department.

(e) In State universities moneys which remain unspent for a financial year are repaid to the State Revenue Fund at the close of the financial year. Their financial year usually extends from 1 April to 31 March and corresponds with the financial year of the State.

(f) In autonomous universities funds obtained through the formula are retained by the universities.

(g) State universities are generally subject to audit by the office of the Auditor-General, whilst autonomous universities can appoint private firms of auditors to carry out audit of their financial records.

This distinction is, however, no longer valid since in terms of the Universities Amendment Act, 1986 (Act 86 of 1986) all South African universities are now regarded as fully fledged institutions and are represented on the Committee of University Principals.[24)]

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24. - vide University Amendment Act, 1986 (Act 86 of 1986).

This view is supported by the Department of National Education which states as follows:

> "Definitions of autonomous and state universities.
>
> As far as this Department is concerned, no such distinction is made. Some people may make such a distinction on the basis of a university being established by a Private Act of Parliament or by a Public Act. Since all South African universities will in the near future be regarded as a 'university' in terms of Section 1 of the Universities Act, 1955, and therefore become members of the Committee of University Principals, such a distinction has in any case become invalid". (25)

Furthermore, all universities are funded according to the same SAPSE based formula. In this regard the Department of National Education states :

> "Financing of autonomous and state universities.
>
> As far as this Department is concerned, all universities in the RSA are financed according to the same subsidy fromula. This subsidy formula is set out in the report SAPSE-110: An Investigation into Government Financing of Universities."(26)

4.1 FORMULA FUNDING : FINDINGS AND RECOMMENDATIONS OF COMMISSIONS AND COMMITTEES OF INQUIRIES

The South African government policy on university financing has developed over a period of several decades.

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25. Letter 2/1/1/1/1 dated 23 September 1986, from the Director-General, Department of National Education, Pretoria, p. 1.
26. Ibid., p. 2.

Numerous commissions and committees were appointed to investigate the basis for university financing. It is not intended here to discuss the contribution of all such commissions and committees to university financing, except, to make brief references to the following three major inquiries :

- the Holloway Commission;[27)]
- the Van Wyk de Vries Commission;[28)]
- the University Advisory Council Committee .[29)]

4.1.1 Holloway Commission

This Commission which reported in 1954, divided the needs of the universities into three categories for the purpose of subsidisation as follows :[30)]

- basic subsidy;
- standard provision; and
- cost of living allowance.

The formula on which subsidy was based was revised every five years.[31)] The Holloway formula was used until 1974.[32)]

The Van Wyk de Vries Commission which reported in 1974, identified several deficiencies of the Holloway formula. These deficiencies were, inter alia :[33)]

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27. Union of South Africa : Report of the Commission of Inquiry on Separate Training FAcilities for Non-Europeans at Universities, 1953-1954, The Government Printer, Pretoria, 1954, (Chairman : J E Holloway) hereafter referred to as the Holloway Commission.
28. Republic of South Africa : Main Report of Commission of Inquiry into Universities, 1974, The Government Printer, Pretoria, 1974 (Chairman : The Honourable Mr Justice J van Wyk de Vries) here= inafter referred to as the Van Wyk de Vries Commission .
29. Departmentof National Education : "An Investigation of Government Financing of Universities", Report : SAPSE 110, Pretoria, August 1982. Hereinafter referred to as University Advisory Council Committee. The University Advisory Council is now known as the Universities and Technikons Advisory Council in terms of the Universities and Technikons Advisory Council Act, 1983 (Act 99 of 1983).
30. Report of the Van Wyk de Vries Commission, op.cit., p. 30.
31. Ibid., p. 301.
32. Loc. cit.
33. Ibid., par. 30.20 - 30.23, pp. 321-327.

(i) The quinquennially revised formulae was too difficult to calculate because it was expressed in a complicated mathematical form.

(ii) It did not provide for extensive and rapid development of universities, consequently, subjecting the formula to "severe strain".

(iii) The formula did not make provisions for rise in prices and inflationary trends.

(iv) The concept of student subsidy courses under the formula was found to be restrictive and creates 'a situation that is not open to change'.

(v) The control exercised over the application of the formula, both by university and government officials was found to be complicated and time consuming. Further its application was too prone to irregularity and incorrectness.

4.1.2 Van Wyk de Vries Commission

In calculating a new formula the Van Wyk de Vries Commission stated as follows:

> "The Commission set itself the task of devising a new formula in which the sound elements of the Holloway formula would be retained". (34)

Melck states that the approach followed by the Van Wyk de Vries Commission was that the subsidy formula should establish reasonable university costs, the governments contribution to those costs and an equitable method of dividing the government's contribution. [35]

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34. Ibid., p. 327.

35. Melck, op.cit., p. 254. vide Van Wyk de Vries Report, op.cit., par. 31.1, p. 327.

The Van Wyk de Vries Commission accepted two principles which were important in the devising of the formula, the one was the principle of basing subsidies (partially) on student numbers which had also been accepted [36] by the Holloway Commission and the other, the use of cost units was established.[37]

The Van Wyk de Vries Commission listed the following advantages of the formula: [38]

(i) The actual cost position at universities has been built into the formula so as to be clearly discernible, thus ensuring that there will be no underprovision or overprovision, even if only temporary.

(ii) The starting point of the formula, i.e. the level of university financing, is satisfactory from the universities' point of view, but not so liberal that they could afford to administer their affairs uneconomically. The State will not dictate to any autonomous university how it should spend the State's contribution, but it will require the university to fulfil its function as economically and efficiently as possible.

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36. The cost unit procedure is considered an important development of the formula and forms a component of the University Advisory Councils Committees formula as well. Instead of evaluating costs directly it was found expedient to estimate input requirements in terms of physical rather than monetary values. For example, for formal instruction, the number of personnel necessary to teach a specific number of students would be determined for a specific year (staff student ratio). Consequently, everytime there is a salary adjustment, this would ensure an automatic adjustment instead of revising the formula. The various inputs represents a total basket of inputs which is termed a cost unit. The value for a specific year is determined by using the prevailing values for each of the different inputs of the basket. - vide - Melck, op.cit., pp. 200-201 .

37. Ibid., p. 254.

38. Van Wyk de Vries Report, op.cit., par. 31.25, pp. 382-383.

(iii) The new formula is not subject to periodic revision, making provision for a steady increase (or decrease) in the State's contribution from year to year.

Drastic fluctuations in student numbers from year to year will not give rise to commensurate fluctuations in the State's contribution. This is of particular importance to a university whose student numbers have dropped and which would otherwise have had to get rid of additional staff.

This feature of the new formula will make it possible for a university to plan ahead for the better and to carry out useful long-term planning.

(iv) The new formula is so designed that in future its units can be adjusted according to conditions in the national economy, without its structure or operation being affected.

(v) The most important academic aspect is that the new formula allows a university greater freedom to carry out its pro= grammes of study. The system of approved subsidy courses, that is associated with the existing formulae has resulted in far too much emphasis being laid on courses first-year students have to take, for the obvious reason that one course more or one less has had important financial implications for the university

The Van Wyk de Vries formula was used extensively for realisation of universities until the University Advisory Council Committee's formula was accepted for implementation in 1984.

4.1.3 University Advisory Council Committee

The Van Wyk de Vries Commission also indicated the need for the University Advisory Council to play a more meaningful role in the financing of universities. Its advice in this regard both to the Minister and universities would be authoritative.[39)]

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39. Ibid., p. 384.

Consequently, since the implementation of the Van Wyk de Vries formula in 1975, improvement to this formula was suggested by the Committee of University Principals.[40]

This was considered necessary in view of the greater understanding of university financing, the role played by the State and university and the significant improvement in university administration.[41]

As a result of this the Minister of National Education requested the University Advisory Council to investigate certain characteristics of the subsidy formula.[42] Consequently, in June 1982, the Universities Advisory Council appointed its Executive Officer to undertake an investigation into "Government Financing of Universities".[43]

The following guidelines were set within the parameters of which the Executive Officer was to undertake the investigation:[44]

(i) The formula should comprise intelligible concepts and its structure should be simple and logical.

(ii) The formula should provide for all current and fixed asset expenditures in respect of the programmes/sub-programmes supported by the government, except for land extensions, improvements to land other than buildings and buildings resulting from increased student numbers or a change in norms.

(iii) The formula should provide for government support to all the programmes/sub-programmes of the SAPSE system.

(iv) Because of the academic objectives of a university, the applied sciences should not consciously be advantaged relatively to the basic sciences.

(v) The relative weighting of students according to course level should be such as to encourage work at the higher levels.

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40. University Advisory Council Committee, op.cit., p. (iii).
41. Loc.cit.
42. Loc.cit.
43. Loc.cit.
44. Ibid., pp. (iii) - (iv).

(vi) The formula should be constructed so as to reward the stricter selection of students by the universities and diligence on the part of students.

(vii) The formula should include a component that is independent of student numbers so as to reward universities substantially for meritorious academic achievements.

(viii) With the exception of the two campus situation of the University of Natal, all geographically separated campuses should be regarded as integral parts of the main campuses for subsidy purposes.

The University Advisory Council Committee submitted its report in August 1982.

Before a discussion on the refinements recommended in the Report is presented the concept SAPSE Information System is defined.

The following extract from SAPSE Information System Introductory Manual-001, gives some clarification :

> "it completely defines and describes the structure of the information system which is required as an essential aid for planning and decision-making at a national level. However, in its design the needs of the individual institutions have been catered for and the definitions and structure are flexible enough to allow for extension of the system to institutional level. As such it should be an indispensable aid to institutional executives".(45)

Melck elaborates in this regard as follows:

> "... the payment of subsidies to the different institutions comprising the university system cannot be achieved fairly, unless the factors, upon which subsidisation is based, are uniformly defined for all.

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45. Department of National Education : SAPSE Information System Introductory Manual : Report : SAPSE-001, Production Department UNISA, Pretoria, March, 1978, p. 3. Hereinafter referred to as Report : SAPSE -001.

> ... inconsistencies can only be eliminated by applying a standardised delineation and classification of the university sector's activities.
>
> The South African Post-Secondary Education (SAPSE) system was introduced by the Department of National Education, Pretoria, with just such objectives in mind". (46)

Murphy defines the SAPSE system as nothing but a specific programme budget structure culminating in a programme budget.[47]

Briefly the SAPSE Information System comprises the following salient features :

(i) Programme Classification Structure (PCS) : The structure comprises eleven programmes, having a two fold classification into Educational and General Programmes and Other Programmes.[48] The purpose of such a structure is to have a logical framework for arranging of information 'in a hierarchial disaggregation of programmes, in which a 'programme' is defined as an aggregation of activities serving a common set of objectives.[49] Basically such a programme-oriented structure is important and can assist university administrators in programme planning, programme budgeting and programme evaluation.[50]

(ii) Classification of Educational Subject Matter (CESM)

This classification primarily serves the purpose of recording, reporting and comparing data between educational institutions by classifying educational subject matter into twenty-two main groups.[51] It provides a single standardised scheme which facilitates communication and understanding in this regard.[52]

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46. Melck, op.cit., pp. 223-224.
47. Murphy, J J : Evaluating Planning and Supporting Systems in South African Universities with Special Reference to a Planning Programming Budgeting System, unpublished doctoral thesis, University of South Africa, Pretoria, 1981, p. 10.
48. Report SAPSE-001, op.cit., p. 6.
49. Loc.cit.
50. Loc.cit.
51. Melck, op.cit., p. 226
52. Report SAPSE-001, op.cit., p. 7.

(iii) Formal Degree/Diploma/Certificate Programme Classification Structure : The system incorporates the classification of formal post secondary qualifications offered by South African post-secondary education institutions.[53]

(iv) Student Statistics : Students are the most important input. Careful attention is given to this aspect as SAPSE defines head count student enrolment as the total number of un= weighted students enrolled at an institution on the relevant census data, irrespective of their course load.[54]

(v) Financial Data : The importance of financial data is to facilitate communication between those who provide and those who use the data.[55] The SAPSE system defines an elaborate system of financial accounting for post secondary institutions and basically entails a system of fund accounting.[56] The goal of such accounting is to ensure education planning and objective decision-making.[57] Five principal funds are used, viz., current funds, loan funds, endowment funds, fixed funds and agency funds, all of which are divided into restricted and unrestricted categories.[58]

The financial data of a university is reflected in a series of statements of which, the balance sheet, statement of changes in fund balances and statement of current funds revenues, expenditures and other changes are of primary importance.[59]

(vi) Person Power Resources : This entails the description of person power categories by function, description of functions, aggregation and coding. It provides a means and procedure for classification of personnel in terms of the SAPSE Programme Classification Structure.[60]

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53. Ibid., p. 8.
54. Melck, op.cit., p. 229.
55. Report : SAPSE-001, op.cit., p. 8.
56. Loc. cit.
57. Melck, op.cit., p. 230.
58. Loc.cit.
59. Ibid., p. 231.
60. Report : SAPSE 001, op.cit., p. 9.

(vii) Fixed Assets Data : This relates to the classification and valuation of fixed assets, the accounting treatment in the Fixed Assets Funds Group, and the balance sheet supporting schedules for "Investment in Fixed Assets". [61]

(viii) Building and Space Inventory Classification : In this regard the SAPSE system includes a set of definitions, classifications, systems and codes[62] for describing and quantifying buildings and building space in terms of statistical aggregations that are meaningful and useful for planning at all levels of resource allocation".(63)

(ix) General Information Survey : This relates to the SAPSE survey forms that have to be completed by post secondary institutions, usually on an annual basis, in order to up= date the national information system.[64]

In the identification of university activities which required government support, it was found that the SAPSE programme structure made it convenient to determine which activities should be subsidised.[65]

From the above discussion, it could be said that the SAPSE Information System[66] provides a 'standardised and consistent base of reliable information (which) is aboslutely essential for longer term effectiveness of management approaches on post secondary educational institutions".[67]

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61. Ibid., p. 9.
62. Melck, op.cit., p. 233.
63. Department of National Education: SAPSE : Building and Space Inventory Classification Manual, Report: SAPSE-009, Pretoria 1982, Preface.
64. Report : SAPSE-001, op.cit., p. 9.
65. Melck, op.cit., p. 235.
66. For complete details on SAPSE Information System - vide - SAPSE Reports 001 to 011.
67. Report : SAPSE-001, op.cit., p. 10.

The revised formula determined by the University Advisory Council Committee entailed the following important characteristics :[68]

- the incorporation of the concepts defined in the SAPSE Information System;
- adjustments based upon the information generated by that system and submitted by the universities;
- the simplification of the structure of the formula;
- the extension of the coverage of the formula to provide for :
    - the replacement of all categories of equipment;
    - the renewal of building space and land improvements other than buildings;
    - the initial costs of additional equipment; and
    - the initial costs of additional library collections; and
- the extension of the number of internal university factors, upon which the subsidy formula is based.

All universities must now subscribe to the SAPSE Information System.[69] Their annual returns must conform to SAPSE standards so as to ensure equitable treatment in respect of financing.[70] These returns are also used to update the national information system on universities.[71]

A university's current subsidy is based on SAPSE tables which was submitted two years before.[72] For example, the subsidy for 1986 would be based on returns submitted in 1984. The reason for this lag is that there is always a possibility of drastic increase and decrease in student numbers. Since it is not possible to establish accurately the student enrolment for any year, except in retrospective, this time period is considered sufficient to iron out such extreme possibilities in student enrolment.[73]

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68. Report : SAPSE-110, op.cit., p. 1.
69. See supra., p. 55.
70. See supra., p. 55.
71. Report : SAPSE-001, op.cit., p. 9.
72. Report : SAPSE-134, op.cit., pp. 206-210.
73. Ibid., pp. 209-210.

Melck states in this regard ;

> "... thus causing a delay of two years before the figures could be used, sufficient time would arguably be allowed for the universities to adjust to a decline in enrolment".(74)

It is important to note that state subsidies increase or decrease in direct proportion to the increase or decrease of student numbers and student achievement.

The utilisation of financial resources requires to be constantly monitored to ensure that university goals are being achieved. The budget [75] is by far the most important financial document and must be meticulously formulated to ensure that the funds requested would adequately cover the programmes and goals.

5. SUMMARY

University administration is a complex and extensive field of activity comprising of distinctive sub-fields. University financial administration is a sub-field of activity consisting of the generic administrative, the functional and the auxiliary processes. The main functional processes constitute the pro= curement ,custody and expenditure of funds. The legislative and administrative machinery determine the nature and scope of university financial administration.

Universities are financed from the State Revenue Fund and all appropriations are authorised by Parliament . Since university education is an "own affairs", funds are channelled to the respective universities through the various Houses of Parliament for Whites, Coloureds and Indians and for Blacks through the Department of Education and Training.

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74. Melck, op.cit., p. 209.

75. See infra.,p.99. The Budget Procedure and Control Function shall be discussed in Chapter 6.

Universities receive financial support from the State on the basis of a predetermined formula. The present formula-funding has been the subject of several commissions and committees of inquiry. The Holloway and Van Wyk de Vries Commissions and the University Advisory Council Committee made significant contributions in determining this formula. All universities prescribe to the SAPSE Information System which ensures uniformity in the allo= cation of finance. SAPSE requirements include, inter alia :

- student statistics;
- person power resources;
- fixed assets data; and
- financial data.

Financial data necessitates information on five principal funds, namely, current,loan, endowment, fixed and agency funds.

All the required data are reflected on SAPSE tables and are submitted to the Department of National Education on an annual basis to determine the State subsidy.

CHAPTER IV

STORES FINANCIAL ADMINISTRATION WITHIN THE CONTEXT OF UNIVERSITY FINANCIAL ADMINISTRATION

1. INTRODUCTION

It is accepted that university financial administration is a comprehensive field of activity. In view of its extensive nature it is understandable that specialisation will take place. Therefore, stores financial administration is regarded as a sub-field of university financial administration.

The aim of this chapter is to explain:

- the nature and content of stores financial administration;
- the activities constituting stores financial administration;
- the locus of stores financial administration within university financial administration; and
- the policy on the responsibility for stores financial administration at universities.

2. NATURE AND CONTENT OF STORES FINANCIAL ADMINISTRATION

Before describing the nature and content of stores and financial administration,[1] it is necessary to understand what the term "stores" means.
The Webster's Third New International Dictionary defines "store" (singular) and "stores" (plural) as follows:[2]

(i) "Store" means: to furnish, provide, supply, file;
(ii) "Stores" refers to articles (as of food) accumulated for some specific objective and issued or drawn up as needed: stock, supplies; and

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1. The terms "stores financial administration" used in this dissertation constitutes the activities performed by the Purchasing Office and Stores Sections at the various universities undertaken in this study.
2. Gove, P B : Webster's Third New International Dictionary of the English Language, Unabridged, H O Houghton and Co., The Riverside Press, Cambridge, 1961, p. 2252.

(iii) "Stores" as a structural unit within an institution is described as "a place of deposit for goods in large quantities: storehouse, warehouse, magazine". (3)

From the above meanings two concepts emerge. One is that the term "stores" relates to the collection, acquisition or provision of goods and the other is that it is a place of storage such as a warehouse.

Stores financial administration comprises of the generic administrative processes, the functional and the auxiliary processes.[4] The functional processes consists of the budget procedure and control function, the purchasing function and the inventory function.
Writers such as Morrison and Ritterskamp, et al stress the importance of integrating these functional activities under one departmental head who must accept full responsibility for its execution.

In substantiation of the above Morrison states as follows:

"Stores and Purchasing are largely inter-dependent, and any inefficiency or lack of co-operation on either side is soon reflected in the other. To cope satisfactorily with the whole supply problem in modern conditions, a complete "dovetailing" of these two functions is essential. There are occasionally special circumstances in an industry which would justify some split in control, but the more progressive concerns show an increasing tendency to set up a completely integrated purchasing and stores department responsible for all these activities, bringing the ... work under one responsible departmental manager". (5)

Ritterskamp, et al of the National Association of Educational Buyers lend further support and explain:
" It seems obvious that the operation of any centralised storeroom should be administered by the purchasing department. It is a basic concept that the procurement officer is responsible for the purchase of the proper quality of material, in the right quantities, at the right price. He must therefore have the primary responsibility for determining whether an item should be purchased for stock and issue, or whether it should be bought for direct delivery to a department. To make a decision on the proper quantities to purchase, he must also be the one to set up stores controls to provide records upon which such a determination can be made. Even in industry where production

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3. Loc. cit.

4. See supra., p. 44.

5. Morrison, A : Storage and Control for Industry and Public Undertakings, Second Edition, Sir Isaac Pitman and Sons, Ltd., London, 1967, pp. 1-2.

planning is a function of top management, the purchase and control of materials, including general stockroom planning and operation, is recognized as the specific responsibility of the purchasing department".(6)

Lourie emphasises the importance in this respect:

"The efficient Administration and Control of Stores would therefore seem to rest with the introduction of a simple, efficient and economical system of stock control.[7] The system introduced must ensure that stores materials are available when required, eliminate the possibility of over purchasing through the placing of unnecessary orders and avoid as far as possible over purchasing of stock which might possibly become obsolete". (8)

The emphasis in the above exposition is on the purchasing and inventory function. These functions cannot be executed without finance. Therefore, if funds are not available purchases cannot be made until money is provided. Hence, the necessity to budget for purchases. Consequently, the budget procedure and control function is decisive not only to the purchasing function but to the inventory function as well.

Ritterskamp, et al substantiate the above viewpoint as follows:

"Through a centralised purchasing department it can be made a standard practice to require that each purchase request be charged against the departmental appropriation prior to placing an order. Such a system, properly followed, should provide better budgetary and financial control". (9)

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6. Ritterskamp, J J, Forrest, L A, Ahrens B C (Eds.) : Purchasing for Educational Institutions, Third Printing, National Association of Educational Buyers, Teachers College Press, Columbia University, New York, 1968, p. 118.

7. "Stores control" is also referred to as "stock control" or "inventory control" - vide Bailey, P and Travernier, G : Design of Stock Control Systems and Records, Gower Press Ltd., London , 1970, p. 3. For the purposes of this dessertation the inventory function includes the inventory control task - vide Chapter 8, The Inventory Function.

8. Lourie, J R : Control and Administration of Stores, National Development Foundation of South Africa, Johannesburg, January 1950, p. 1.

9. Ritterskamp, et al op. cit., p. 9.

From the aforementioned discussions it is clear that the functional activities constituting stores financial administration are as follows:

- the budget procedure and control function; [10]
- the purchasing function; [11] and
- the inventory function. [12]

This view is supported in practice as a similar position exists in the universities in which this study was undertaken. [13]

3. ACTIVITIES CONSTITUTING STORES FINANCIAL ADMINISTRATION

Stores financial administration in a university is a peculiar field of activity comprising of numerous processes executed by university functionaries. These processes can be classified into three groups: [14]

(i) the generic administrative processes comprising of:
- policy-making;
- organising;
- staffing;
- financing;
- determining of methods and procedures; and
- control.

(ii) the functional processes are as follows:
- budget procedure and control;
- purchasing function; and
- inventory function.

(iii) the auxiliary processes consisting of, inter alia:
- data processing; and
- collecting and analysing statistics.

Figure 3 depicts the above-mentioned processes.

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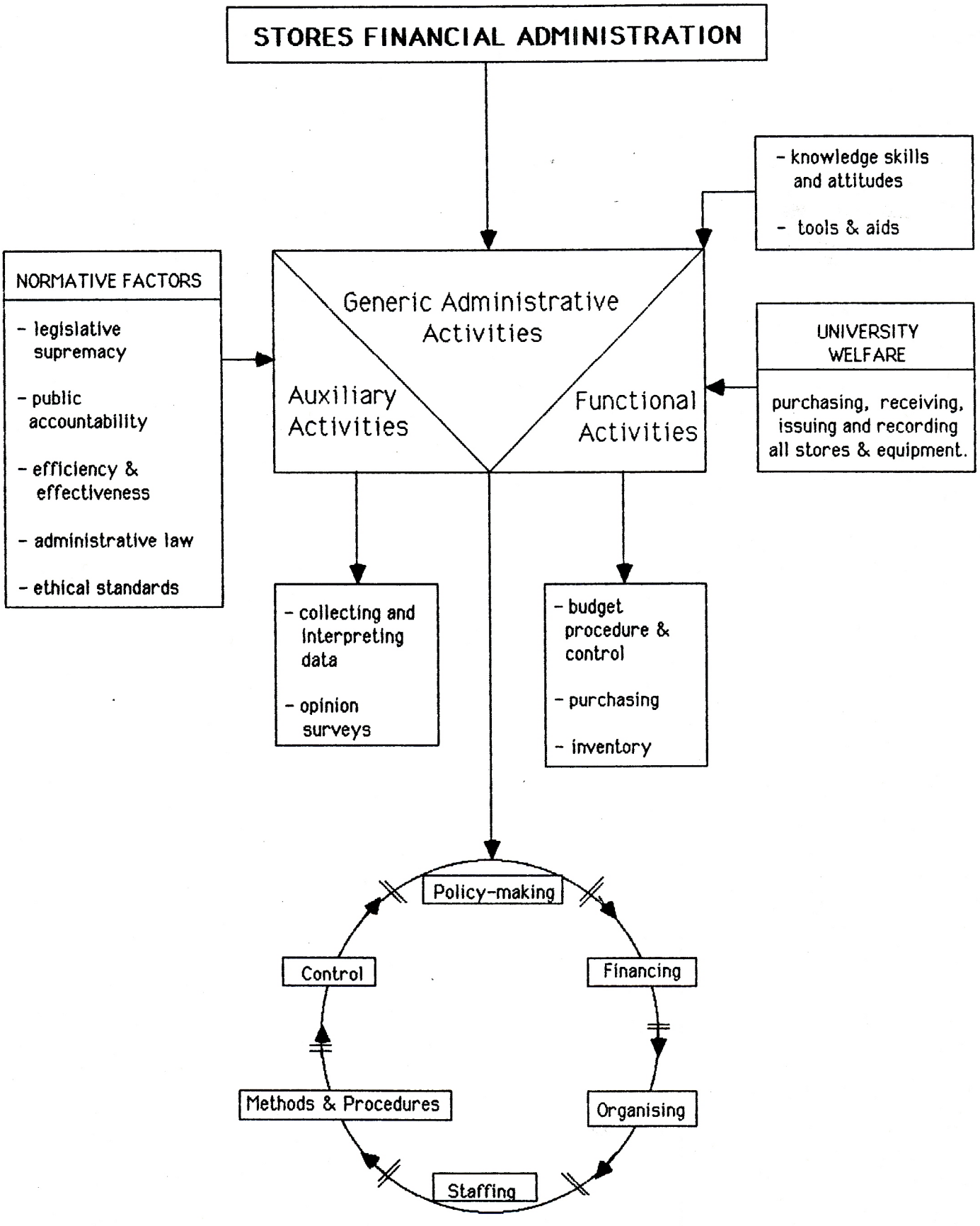
10. See infra., p. 99.
11. See infra., p. 126.
12. See infra., p. 210.
13. This position exists at the universities of Durban-Westville, Natal and Zululand, except that the emphasis is more on the budget control function.
14. Cloete states in this regard that "Because the environment in which the diverse functional activities take place and the requirements of every functional field of activity are peculiar, it is necessary to adapt the implementation of the generic administrative functions to every functional field of endeavour" - vide Cloete, J J N : Personnel Administration, J L van Schaik, Pretoria, 1985, p. 7.

FIGURE 3
A SCHEMATIC REPRESENTATION OF THE ACTIVITIES CONSTITUTING STORES FINANCIAL ADMINISTRATION



= Intra-generical phenomena, such as communication & decision-making

For the execution of all functional activities it is necessary to perform the activities constituting the generic administrative process. This is an enabling process and comprises of thoughts, processes and actions which determine the nature and scope of functional and auxiliary activities. For example, the purchasing function could be viewed as follows:

(i) policy must be determined to ensure direction and goal achievement;
(ii) organisational structure must be arranged for the determination of authority, span of control and co-ordination;
(iii) staffing needs must be met so that personnel with the appropriate skills, knowledge and behavioural attitudes are recruited;
(iv) financing necessitates that sufficient funds are available for executing the purchasing function;
(v) determining of methods and procedures to ensure that all work is directed to achieve set objectives and prevent duplication and overlapping of functions; and
(vi) control is necessary to evaluate whether purchasing goals have been met and to take corrective action if necessary.

It should be noted that the functional and auxiliary activities can only be undertaken simultaneously with or after the administrative activities. The functional activities, as stated, constitute three components, namely budget procedure and control, purchasing and inventory functions. The auxiliary activities are essential for the effective and expedious execution of both generic administrative activities and the functional activities. For example, in the purchasing function, it may be necessary to collect and analyse information from various supplies on a commodity that the university wishes to purchase; or it may institute an opinion survey amongst departments on the type of items which should be purchased for stock.

Intrinsically woven into stores financial administration, is the human element which determines its success or failure. Although the three primary functional activities are interrelated, these still require divergent skills, attitudes, knowledge and behaviour of personnel responsible for its execution. For example, the purchasing

officer must understand market conditions, such as the retail and wholesale markets, whilst the store-keeper must be aware of "fast line" items in order to ensure adequate stock levels at all times. Moreover, functionaries must take cognisance of the intrageneric phenomena, such as, planning, communication and decision-making which are fundamental to the proper execution of these activities. Furthermore, the performance of these functions require the observance of the normative factors.

The use of technological aids such as computers in stores financial administration is fast becoming a reality. Computerisation of all purchasing, budgeting and inventory data facilities storage, retrieval and analysis of information speedily. This greatly assists the officials in executing the activities constituting stores financial administration. For example, at the University of Durban-Westville the budget programme is designed to reject a command to process a computer order if there are no funds or insufficient funds on the estimates. In this regard a control measure is also exercised. [15)]

4. THE LOCUS OF STORES FINANCIAL ADMINISTRATION IN UNIVERSITY FINANCIAL ADMINISTRATION.

It has been established that university financial administration is a comprehensive and peculiar field of activity. [16)] In view of the extensive nature of university financial administration it is understandable that specialization would take place. Stores financial administration is regarded as a sub-field of university financial administration. This hierarchy of specialization is depicted in Figure 4.

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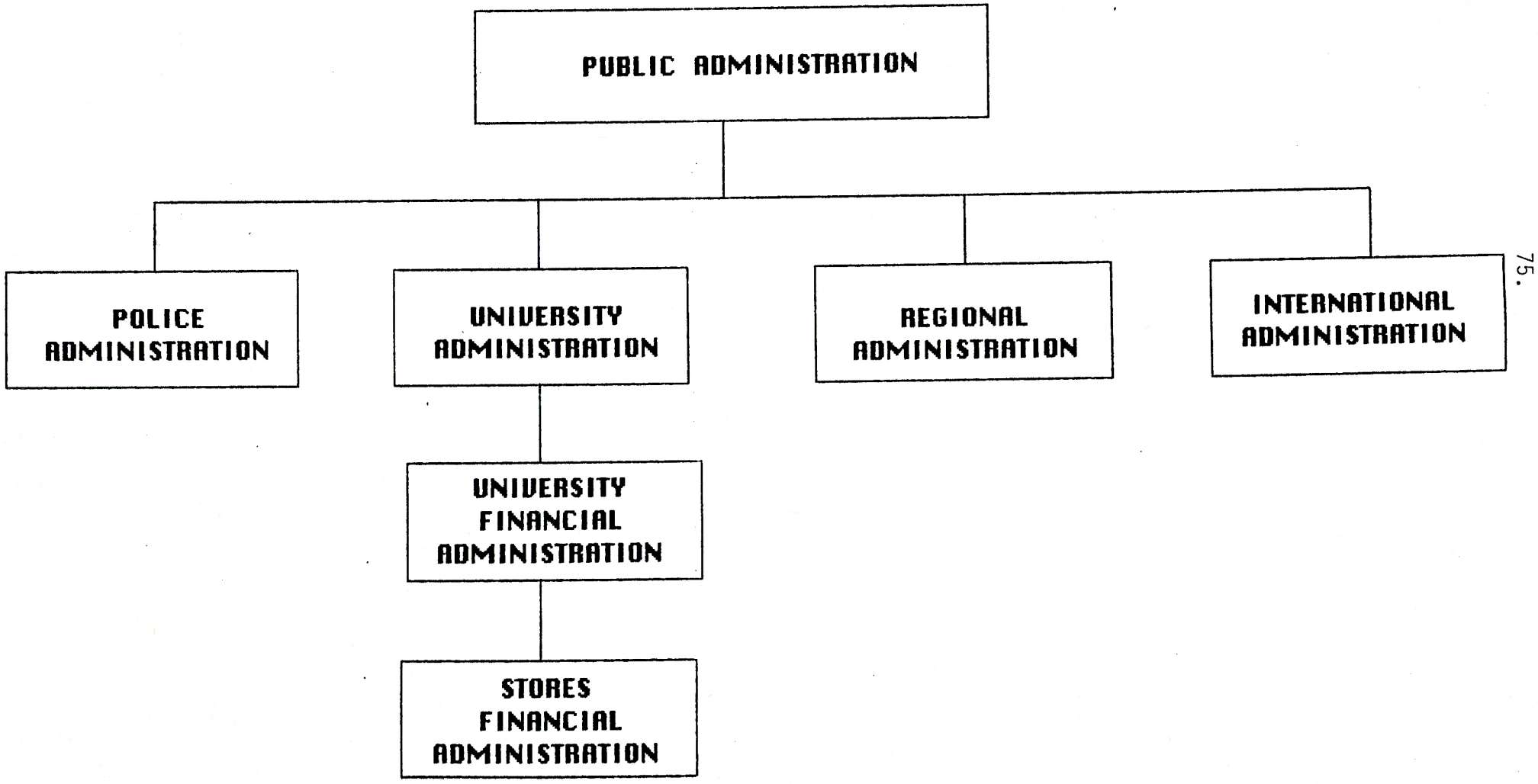
15. Interview with the Deputy Director, (Purchases, Stores and Budget Control) of the University of Durban-Westville on Wednesday, 3 September 1986.

16. See supra., p. 47.

FIGURE 4

THE LOCUS OF STORES FINANCIAL ADMINISTRATION IN UNIVERSITY FINANCIAL ADMINISTRATION



The goal of stores financial administration is to contribute to the primary goal of the university which is the dispensing of education, knowledge and skills and the promoting of research for the improvement and welfare of the community as a whole. [17)]

The sub-goals of stores financial administration aims at providing a service to departments and could be classified as follows:

- monitoring the budget procedure and control function to ensure that funds are available for purchases and that the required item or service is on the approved estimates.
- executing and promoting the purchasing function to ensure continuity of university activities, such as formal instruction and research.
- the inventory function entails receiving, issuing and recording of all stores and equipment purchased by the university as they represent a financial value. A major part of the university's money is invested in purchasing expensive equipment. This represents a capital investment and hence the necessity to maintain proper record and control.

The activity of stores financial administration takes place in a financial milieu. Its locus within the university is peculiar to two specific sectors. A sector of suppliers outside the university and a sector of departments, both academic and administrative, within the university. [18)] On these two frontiers the officials charged with the execution of stores financial administration are required to serve to ensure the achievement of objectives and goals.

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17. See supra., p. 26.

18. Bailey and Travernier write in this regard as follows: "One fundamental objective of stock control is to satisfy the customer, whether he is outside the organisation and is a real customer who pays for what he gets or is inside the organisation, a user of stores who should be regarded as the customer", op.cit.,p.3.

5. POLICY ON THE RESPONSIBILITY FOR STORES FINANCIAL ADMINISTRATION AT UNIVERSITIES

The universities of Durban-Westville, Natal and Zululand are created in terms of specific acts of Parliament. [19] In terms of legislative measures the university council is the highest authority responsible for government and administration of the university. The rector is the chief executive officer responsible for the continued day to day activities of the university. In turn the rector delegates specific administrative functions to senior administrative officials such as the registrars and deputy registrars. This state of affairs applies to all universities studied.

The role of the functionaries and organisational units responsible for stores financial administration at the three universities are now discussed.

5.1. UNIVERSITY OF DURBAN WESTVILLE [20]

In terms of Section 8(1) of the University of Durban-Westville Act, 1983 (Act 81 of 1983) the control, government and executive power is vested in the Council. Consequently,the Council may assign any of its functions to a committee of Council or to an officer of the University and by so doing is not divested of any function so assigned and any decision of the committee or officer may be altered and set aside if considered necessary. [21]

The regulations on the "Management and Organisation" of the University state that the Chief Director (Administrative) is responsible to the Rector for financial administration and is in charge of: [22]

(i) financial control;

(ii) purchases, stores and budget control;

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19. See supra., p. 15.

20. Interview with the Deputy Director (Purchases, Stores and Budget Control) of the University on Wednesday, 3 September 1986.

21. -vide Section 8(8) of the University of Durban-Westville Act, 1983 (Act 81 of 1983).

22. University of Durban-Westville : Regulations : "Management and Organisation", 1985, pp. 13-14.

(iii) staffing;
(iv) committees;
(v) administration of donations, bursaries and loans; and
(vi) printing.

In view of the above, the Chief Director (Finance and Administration), as accounting officer, is responsible for the administration of financial resources of the University. Therefore, stores financial administration which is a sub-field of activity of university financial administration is the responsibility of the Chief Director. The Chief Director in turn assigns this function in terms of delegation of powers to the Deputy Director (Purchases, Stores and Budget Control), who then accepts responsibility for the administration of the activities constituting stores financial administration. The aforementioned organisational arrangements are reflected in Figure 5.

5.2. UNIVERSITY OF NATAL [23]

Section 8(1) of the University of Natal (Private) Act, 1960 (Act 7 of 1960) states as follows:

"... the government and executive authority of the University shall be vested in Council".

The Rector is the chief executive officer responsible for all the institution's activities. The Finance Officer is responsible for the financial administration of the University. The activities constituting stores financial administration is delegated to an Assistant Finance Officer who is accountable to the Deputy Finance Officer. The organisational structure in Figure 6 illustrates this.

5.3. UNIVERSITY OF ZULULAND [24]

According to Section 8(1) of the University of Zululand Act, 1969 (Act 43 of 1969) the Council is the supreme policy-making and executive body of the University. The financial administrative function is delegated by the Rector to the Registrar (Finance), who is the accounting officer. The Registrar (Finance) in turn delegates the function of stores financial administration to a Director, who accepts responsibility for its execution. Figure 7 indicates this organisational arrangement.

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23. Interview with Mr N Jonker (Assistant Finance Officer), at the University of Natal on Wednesday, 14 May 1986.

FIGURE 5
THE ORGANISATIONAL ARRANGEMENTS FOR STORES FINANCIAL ADMINISTRATION AT THE UNIVERSITY OF DURBAN-WESTVILLE

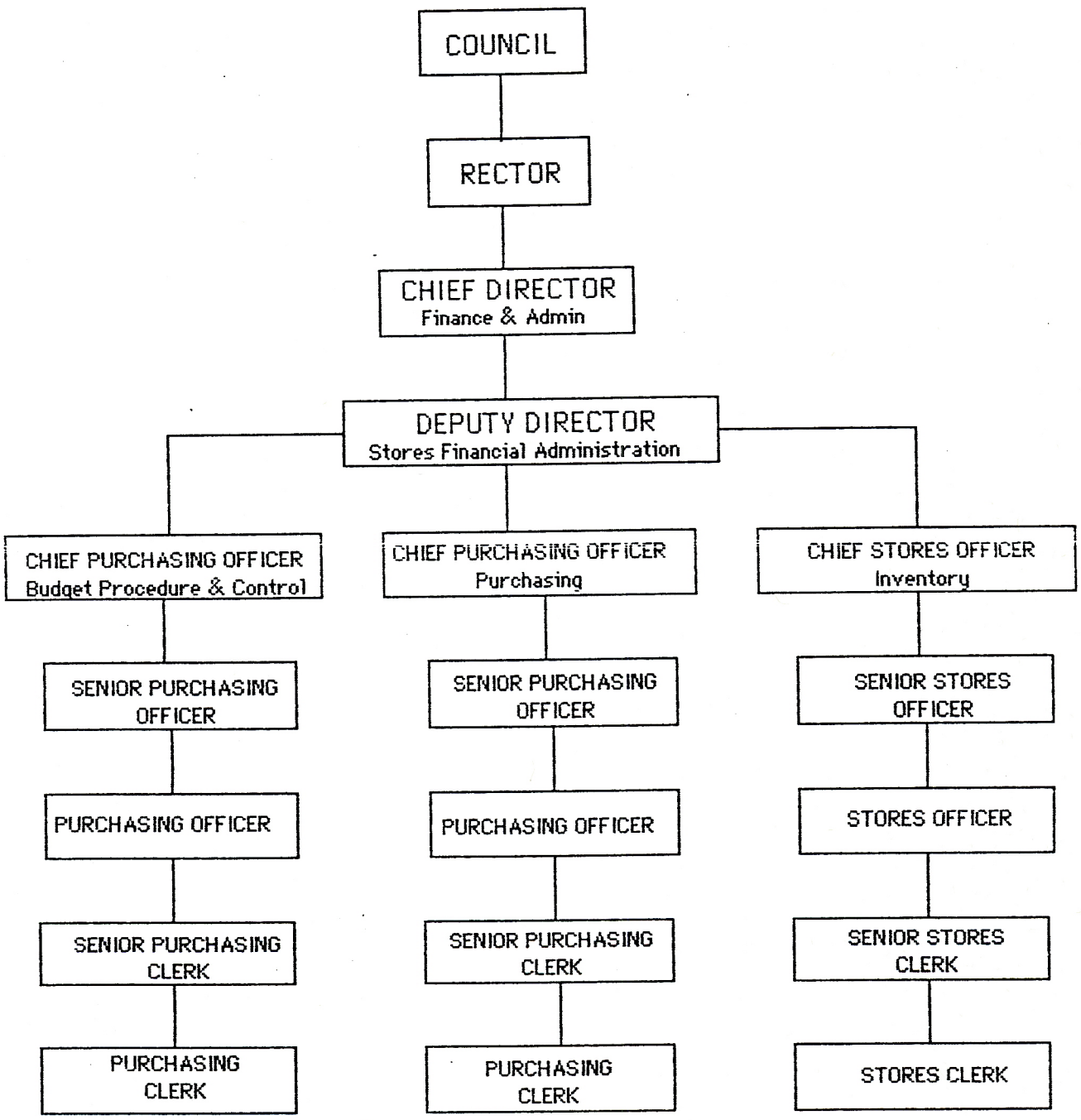


FIGURE 6

THE ORGANISATIONAL ARRANGEMENTS FOR STORES FINANCIAL ADMINISTRATION AT THE UNIVERSITY OF NATAL

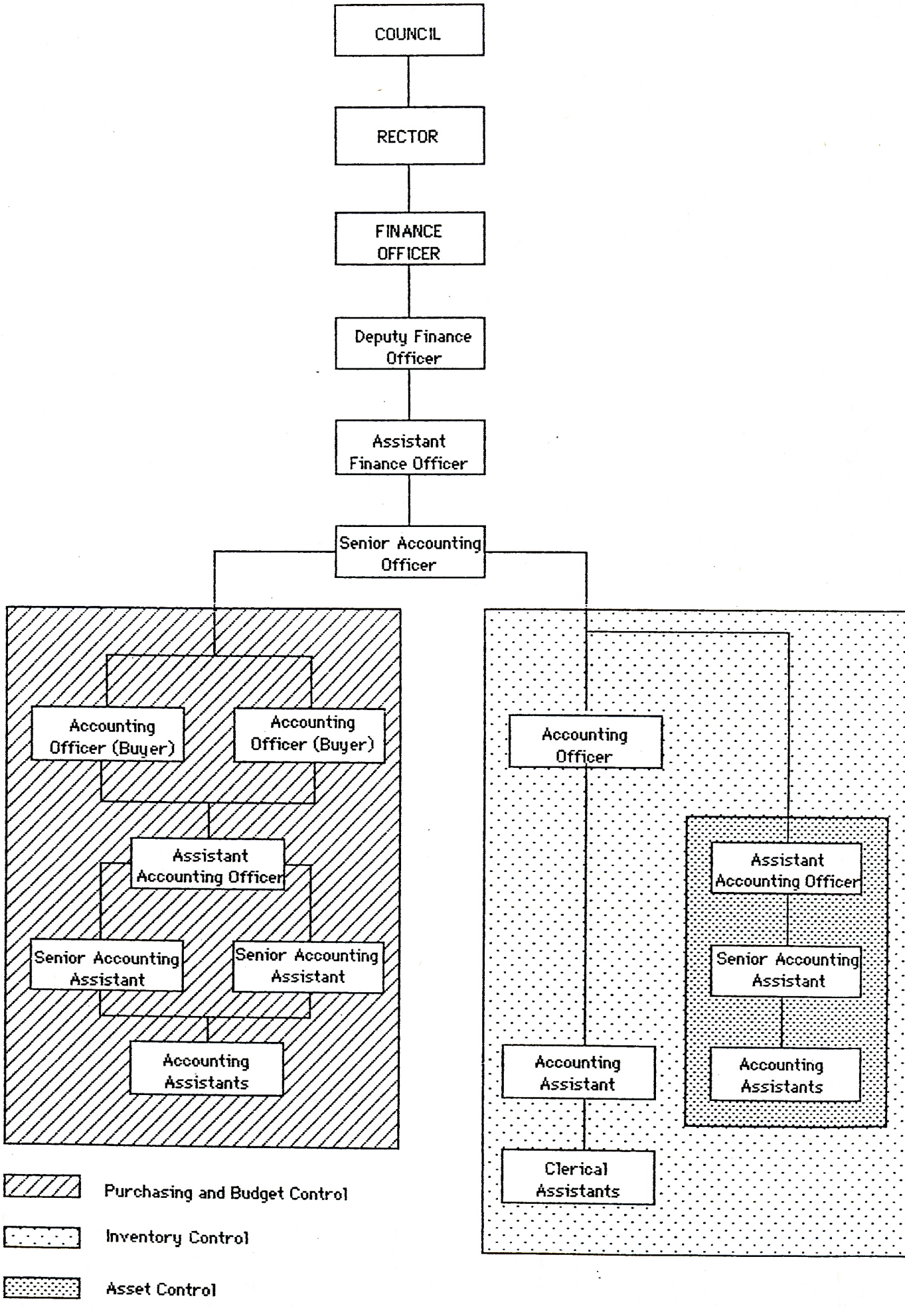
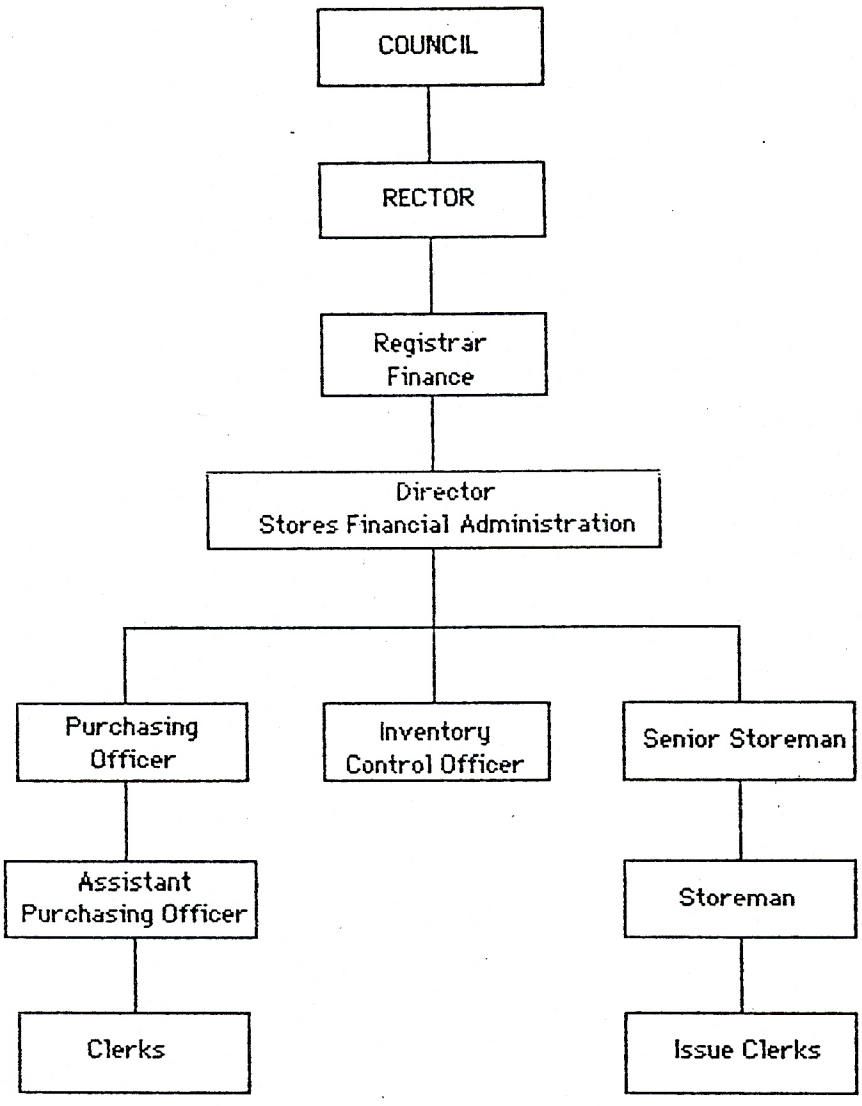


FIGURE 7
THE ORGANISATIONAL ARRANGEMENTS FOR STORES FINANCIAL ADMINISTRATION AT THE UNIVERSITY OF ZULULAND



6. SUMMARY

The extensive nature of university financial administration requires that specialisation takes place. Stores financial administration is one field of specialisation. The activities constituting stores financial administration comprise of the generic administrative processes, the functional processes and the auxiliary processes.

The functional field can be categorised into three groups of functions, namely, budget procedure and control, purchasing and inventory. The administrative processes which are the enabling activities determine the nature and scope of the functional and auxiliary activities. This means that in order for the functional activities to take place it is necessary that a policy be determined, organisational arrangements be set, funds be provided, staffing arrangements be made, methods and procedures be determined and control be exercised.

In order that the administrative and functional activities be carried out it is necessary for the auxiliary processes to be performed. For example, in the formulation of a purchasing policy, the auxiliary activity of collecting and interpreting of statistics must be executed. Also essential are aids such as computers and word-processors. Functionaries must also possess the proper knowledge, skills and behavioural attitudes. The phenomena such as decision-making, planning and communication which are the network of human capacities and capabilities are fundamental to the execution of activities constituting stores financial administration.

At all the universities the responsibilities for stores financial administration rests on the university councils, rectors, registrars, directors and deputy directors and the other lower level functionaries.

These functionaries must comply with the requirements of the enabling generic administrative processes, the functional processes and the auxiliary processes of public administration, as well as the normative factors of public administration in stores financial administration.

UNIVERSITY OF DURBAN LIBRARY

CHAPTER V

NORMATIVE FACTORS OF PUBLIC ADMINISTRATION IN STORES FINANCIAL ADMINISTRATION

1. INTRODUCTION

Stores financial administration is a particular field of activity of university financial administration.

Functionaries should not only concern themselves with the execution of these activities but should also strive to develop and promote an awareness of the peculiarity of the environment within which stores financial administration is carried out.

This distinctiveness demands that functionaries should apart from performing their duties in accordance with the dictates of the generic administrative processes of policy-making, organising, financing, staffing, methods and procedures and control; the functional processes and the auxiliary processes of public administration, in the last analysis also observe the normative factors that govern their conduct when performing their functions.

In this chapter the following normative factors pertaining to public administration and in particular stores financial administration are discussed

- legislative supremacy;
- public accountability;
- efficiency and effectiveness;
- requirements of administrative law; and
- ethical standards.

2. DEFINING TERMS

Before proceeding to explain the specific normative factors, the term "normative" is explained.

The term "normative" is derived from the word "norm".

The Shorter Oxford Dictionary defines a "norm" as a rule or authoritative standard. [1)]

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1. The Shorter Oxford English Dictionary, Oxford, Claredon Press, 1978 p. 1413.

The Concise Oxford Dictionary explains "norm" to mean, "requirement of a standard quantity to be produced, amount of work to be done, as well as customary behaviour". (2)

Frank and Wagnalls Standard Dictionary states that "normative" pertains to a norm assumed to have the prescriptive value of a standard or rule of usage. 3)

Isaak explains the terms "normative factors" as being, "moral", "ethical", "what ought to be", "the best state of affairs" and "standards worth striving for". (4)

From the above meanings, it could be accepted that "normative" prescribes a specific standard of conduct or behaviour considered representative of a specific group. In this light, it is expected that the actions of all public functionaries charged with the promotion of community welfare must be founded on the guiding normative factors or the normative guidelines.

These guidelines provide the basis for correct and appropriate behaviour in the work environment in all public institutions. Consequently, university officials and in particular stores functionaries must conform to the specific normative guidelines when executing their duties.

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2. The Concise Oxford English Dictionary of Current English, Sixth Edition, Oxford Claredon Press, 1976, p. 743.

3. Frank and Wagnalls Standard Dictionary of the English Language, International Edition, Volume 2; Frank and Wagnalls, New York, p. 863.

4. Isaak, A C : Scope and Methods of Political Science, The Dorsey Press, Illionois, 1975, p. 4.

3. LEGISLATIVE SUPREMACY

Primarily "legislative supremacy" is a phenomena prevailing in a political milieu.

Deutch explains "politics" and emphasises the administrative value concept as follows:

"Politics deals with the interplay of interests - the claiming and distributing of rewards, that is, of values, things or relationships that people would like to have or to enjoy. Acting in politics and pursuing their interests, different individuals, groups, or even countries may co-operate or compete in regard to the allocation of values". (5)

Implicit in this definition is that the actions and interactions of people result in the formation of a political system with the necessary support and authority to provide the community with spiritual and material benefits. 6)

Universities are public institutions created by legislation to provide for higher education and training. 7)

Consequently, the university council which is responsible for the government and administration of the university must execute its functions within the prescribed legislation. 8) All university officials must understand and carry out their functions in accordance with the relevant legislation as approved by Parliament.

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5. Deutch, K W : Politics and Government, Houghton Mifflin Company, Boston, 1980, p. 11.
6. Coetzee, W A J :"Political Realities in South African Public Administration", Journal of the University of Durban-Westville, Vol. 3, No. 3, 1981, p. 163.
7. See supra., p. 12.
8. See supra., p. 27.

Parliament passes legislation which generally provides the broad parameters within which the public functionaries are expected to act. [9] In other words,it determines the nature and extent of the activity of public institutions. [10] The relevant acts of Parliament vest the supreme authority over the affairs of the university in the council which is responsible to determine the character and direction of the university. [11] Accordingly, it is responsible for determination of policies, rules and regulations for the administration of the university.

Consequently, in the performance of their duties, the stores functionaries must always bear in mind that the council has been granted authority over their sphere of work and that it will have the final say in the matter. [12] For this reason the officers are expected to carry out their functions in accordance with rules, regulations and guidelines set by council. Any deviations from the prescribed norms can only be executed with prior approval of council. If, for example, equipment is stolen, this matter must be reported to council and can only be written-off the inventory records once council approval is received.

Therefore, since the council of the university is vested with authority in regard to the objective,goals and functions of the university, functionaries must respect its "political supremacy" [13] status as the supreme and authoritative body of the university.

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9. Cloete, J J N : Introduction to Public Administration, Third Edition J L van Schaik, Pretoria, 1986, p. 11.

10. Loc.cit.

11. Van Wyk de Vries Commission, op.cit., pp. 60-61.

12. Cloete, op.cit., p. 10.

13. The word "supremacy" means a state of supreme rank or power, position of highest authority or power - vide The Shorter Oxford Dictionary,Claredon Press, Oxford, 1959, p. 2088.

4. PUBLIC ACCOUNTABILITY

It has been established that universities are public institutions which receive financial support from the State. [14] Therefore, the funds provided as subsidies to universities come from the public at large. The State and its citizens must therefore be assured that the universities are rendering a service of acceptable standard and quality and thereby fulfilling the purpose of their creation.

These expectations demand the observance of the normative factors of public accountability. Before further elaboration it is necessary to briefly outline the meaning of "public" and "accountability".

The term "public" is usually identified as those who pay for social services and this includes the poorest of the poor who pay taxes on practically everything that is purchased. Therefore, either directly or indirectly, the public at large is financing all social services. [15]

"Accountability" [16] means being able to justify what is done, how it is done and what it costs. It entails answerability for inputs, processes and outputs, in terms of money, material and manpower invested in any organised activity. [17]

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14. See supra., p. 36.

15. Seetharam, M : "Accountability in Social Welfare Services", The Indian Journal of Public Administration, Vol. XXIX, No. 3, July-September 1983, p. 642.

16. Although the terms "accountability" and "responsibility" are used synonomously, it is, however, possible to distinguish between them. "Responsibility" has ethical and normative implications whilst "accountability" refers to the legal and hierarchial locus of answerability - vide "Editorial", Indian Journal of Public Administration, op.cit., p. vii. See also Long, M :"Public Policy and Administration : The Goals of Rationality and Responsibility", in Regan, M D (Ed) : The Administration of Public Policy, Foreman and Company, Illinois, 1969, p. 273.

17. Seetharam, "Accountability in Social Welfare Services", op.cit., p. 641.

From the aforementioned definitions, the terms "public accountability" could be explained as the necessity for all political office-bearers and public officials to be accountable or answerable to the people for their actions or inactions.

In the university context, the financing of the university's activities primarily provides the focus of accountability. This is especially true in the case of stores financial administration which comprises of the budget procedure and control, purchasing and inventory functions of the university. [18] As much as twenty five per cent of the university budget is invested in the purchase of stores and equipment. [19] As a result the functionaries such as the registrars, deputy registrars and finance officers who perform this function are responsible and accountable for their actions. These officials may be called to account to the council of the university.

5. EFFICIENCY AND EFFECTIVENESS

The concept of efficiency and effectiveness are central to all administrative actions directed to the achievement of the national goal of community welfare.

The needs of the community will always be greater than the resources that are available to accomplish it. [20] The resources are obtained from the citizens whose ability to pay is limited. [21] Consequently, the government's ability to satisfy all the wants is restricted as well. [22]

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18. See supra., p. 69.
19. The University of Durban-Westville spent an estimated R 10m on supplies, services and equipment from a total budget of approximately R 40m in 1985.
20. Cloete, Introduction to Public Administration, op.cit., pp. 30-31.
21. Loc.cit.
22. Loc.cit.

Therefore, it is incumbent on all public functionaries to ensure that the available resources are used to provide goods and services that are considered to be "priorities". [23]

From the aforementioned exposition,the question arises as to the manner in which such priorities could be achieved with limited resources. The answer is that, all public functionaries must execute thier tasks as efficiently and effectively as possible to achieve this objective. [24]

Robbins supports this view and explains it in the following context:

"Economic resources, by definition are scarce, therefore, the administrator is responsible for their allocation. This requires not only that the administrators be effective - that is, in achieving the goals or goals that are established - but additionally that they be efficient - that is, in relating output to input. They must seek a given output with less input than is now being utilised, or for a given input strive for a greater output. Administrators, then, are concerned with the attainment of goals which makes them efficient". (25)

The Shorter Oxford Dictionary lists the following meanings of "efficiency" : [26]

- fitness or power to accomplish;
- success in accomplishing;
- adequate power;
- effectiveness; and
- efficacy.

From the aforementioned, it could be stated that "efficiency" relates to means and ends and can be increased or decreased depending on the respective inputs and outputs. [27]

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23. Loc.cit.
24. Ibid., p. 32.
25. Robbins, S P : The Administrative Process : Intergrating Theory and Practice, Prentice - Hall, Inc., Englewood Cliffs, New Jersey, 1976, p. 15.
26. The Shorter Oxford Dictionary, Claredon Press, Oxford, 1961, Vol.III,p.52.
27. - vide Tribe, F : "Efficiency in Public Services", in Chapman, R A & Dunsire, A. (Eds) : Style in Administration, George Allen Ltd., London, 1971, p. 148.

Effectiveness is the quality of being effective. [28] The word "effective" has the following meanings : [29]

- having the power to act upon objects;
- that is attended with result or has an effect;
- powerful in effect, efficient, effectual; and
- concerned with, or having the function of, carrying into effect, executing or accomplishing.

From the above meanings it could be inferred that"effectiveness" is concerned with the degree to which a public institution performs its intended mission and includes qualitative impacts of the institution's programmes as well as the measureable output. [30]

Mushkant elucidates the interrelatedness of"efficiency and effectiveness" as follows :

"Effectiveness... is defined in terms of accomplishment of desired objectives. Efficiency is measured in terms of the amount of resources necessary for the full or partial accomplishment of a particular goal or an objective. It is possible but not desirable to be highly efficient while achieving only a low degree of effectiveness. The ideal in practice is a high degree of both efficiency and effectiveness".(31)

In the execution of stores financial administration the functionaries must carry out their tasks in an efficient and effective manner. The need for this is greater now than ever before owing to increasing cuts in university budget allocations by the Government. [32]

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28. The Shorter Oxford Dictionary, op.cit., p. 49.
29. Loc.cit.
30. Sing, D : Financing of Indian Local Authorities with particular reference to the Isipingo Municipality, unpublished Doctoral Thesis, University of Durban-Westville, Durban, January 1983, p. 80.
31. Mushkant, M : "How useful is statistical Decision Theory to the practising Planner",SAIPA, Journal of Public Administration, Vol. 16, No. 1, March 1981, p. 36.
32. University of Durban-Westville : Vice-Chancellor's Report 1 January - 31 December 1985, University Printers, Durban, 1986, p. 14.

The emphasis is even more pronounced as stores financial administration entails the concepts of budget control and expenditure of funds. The goal of stores financial administration is to provide the university clientele with the necessary goods and services without sacrificing quality and standards with the available financial resources.

In the macro-perspective, [33] this concept would relate to the execution of administrative processes and actions. For example :

- Is the policy of stores financial administration adequate to meet the demands of the university?
- Is the financial resources being used effectively?
- Are the functionaries trained to execute their duties?
- Are the present methods and procedures adaptable and flexible to the changing environment?
- Is there sufficient recognition of the activities constituting stores financial administration, that is, budget procedure and control, purchasing and the inventory functions?

At the micro-level, [34] efficiency and effectiveness are concerned with, inter alia :

- procedure and control of departmental budgets;
- maintaining purchasing and inventory records;
- issuing and receiving of stocks;
- auditing; and
- computer operations.

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33. Sing, op.cit., p. 82.
34. Loc. cit.

6. REQUIREMENTS OF ADMINISTRATIVE LAW

Baxter states that administrative law is that branch of public law which regulates the legal relationships of public authorities, whether with private individuals and organisations or with other public authorities. [35]

He further differentiates between the general and particular aspects of administrative law as follows:

"General administrative law may be said to comprise the general principles of law which regulates the organisation of administrative institutions and the fairness and efficiency of the administrative process, govern the validity of and liability for administrative action and inaction and govern the administrative and judicial remedies relating to such action or inaction". (36)

"Particular administrative law comprises the legislation governing and legal principles and policies developed in respect of, specific areas of administration". (37)

From the above,it could be stated that general administrative law regulates the actions of public officials to ensure that they remain within the limits of legislative measures. However, legislation only provides for the basic framework for action, while details are set out in rules and regulations provided for by the enabling acts of Parliament. [38] The public official is expected to achieve the goals and objectives of the institution by exercising his discretionary authority within the stipulated guidelines. [39]

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35. Baxter, L : Administrative Law, Juta and Co. Ltd., Cape Town, 1984, p. 2.
36. Loc.cit.
37. Loc.cit.
38. Hanekom, S X and Thornhill, C : Public Administration in Contemporary Society : A South African Perspective, Macmillan Publishers, 1985, p. 142.
39. Hanekom, S X and Thornhill, C : The Functions of the Public Administrator, Butterworth Publishers, Durban, 1986, p. 53.

To ensure that the public official does not exceed his authority, it is necessary for him to conform to the requirements of administrative law .[40]

Warner emphasises in this regard the need for adherence to the law , and also a need to interpret the intentions of legislature without transgressing into its area of jurisdiction.[41]

Baxter explains that administrative law stipulates a set of common principles which are designed to promote the effective use of administrative power, to protect individuals and organisations from its misuse, to preserve a balance of fairness between public authorities and those whom they interact, and to ensure the maintenance of the public interest.[42]

Cloete states that the tenets of administrative law provide a normative code of conduct for public functionaries and that
- a public functionary should not exceed his powers under the law;
- the functionary should act only if he has the power or authority to do so;
- there should be a justifiable reason for the act or decision; and
- he should listen to the other party.[43]

At universities and particularly in the field of stores financial administration the officials are expected to fully understand the legal requirements of their financial responsibilities.[44]

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40. Loc.cit.
41. Warner R : The Principles of Public Administration : A Study in the Mechanics of Social Action, Sir Isaac Pitman and Sons, London, 1947,p.1.
42. Baxter, op.cit., p.3.
43. Cloete, op.cit., pp. 32 - 33.
44. Hanekom and Thornhill, The Functions of the Public Administrator, op.cit., p. 53.

Their functions relate to the important aspects of budget control, procurement of supplies and services as well as establishing and maintaining an inventory record for all stores and equipment. 45) These activities place a heavy burden of responsibility on the functionaries because of the financial implications involved in the execution of these functions.

Therefore, all functionaries should take cognisance of the requirements of administrative law in order that they comprehend and comply with its requirements.

7. ETHICAL STANDARDS

Frank and Wagnalls Standard Dictionary gives the following meanings of "ethics" :[46)]

- the study and philosophy of human conduct with the emphasis on the determination of right and wrong;
- one of the normative sciences; and
- the basic principles of right action.

Hanekom views "ethics" and the public functionary in the following light:

"Regarding the conduct of public affairs by the public officials, it deals with whether the public's business was conducted rightly or wrongly and whether the public official's behaviour was good or bad when he executed his official duties. "Ethics" evaluates conduct against some supposedly absolute criteria and imposes negative or positive values upon it". (47)

From these definitions it could be stated that "ethics" pertains to the ideal conduct expected of public officials and their corresponding responsibilities to ensure that their actions uphold such values and are directed to the good of the community.

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45. See supra., p. 73.

46. Funk and Wagnalls Standard Dictionary, op.cit., p.436.

47. Hanekom, S X : "Ethical Dilemmas" in Hanekom, et al Key Aspects of Public Administration, Macmillan South Africa Publishers, 1986, p. 152.

Armstrong and Graham believe that ethical behaviour and professional competence cannot be separated. [48] Both are necessary for efficient and effective execution of public activities.

Hanekom elaborates in this regard as follows:

"Adhering to high ethical standards of behaviour, but conducting the public's business in an incompetent manner, will definitely not satisfy the public or promote the general welfare, and could prove to be just as disastrous as unethical conduct". (49)

The necessity for adherence to ethical values and norms in the execution of the functions constituting stores financial administration cannot be over emphasised.

For example, the execution of the purchasing function requires ethical conduct of the purchasing officials. The code of conduct stipulated for these officials by the Institute of Purchasing of South Africa is stated as : [50]

- to promote the study, development and application of improved professional purchasing methods and practices;
- to advance and uphold the professional standing of its members;
- to encourage the upholding of the highest ethical standards by those engaged in the profession of purchasing and the other functions of supply management;
- to collect and disseminate information of interest and benefit to its members;
- to encourage and co-operate in the institution and development of courses in purchasing and related subjects at colleges and universities;

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48. Armstrong, C De Witt and Graham, George A : "Ethical Preparation for the Public Service : The 1970s", The Bureaucrat, Vol.4, No.1,April 1975, p. 6.

49. Hanekom, "Ethical Dilemmas", op.cit., p. 153.

50. Colvin, I et al : "Domestic Sourcing", in Fearon, H E and Hamilton, K : Purchasing in South Africa, (Eds) MacGraw Hill Book Company, Johannesburg, 1980. pp. 90 - 91.

- to promote, support or oppose any legislation or other measure affecting or likely to affect the interests of the Institute or its members;
- to foster and promote acquaintance, exchange of ideas and co-operation among its members;
- to acquire any rights or privileges which the Institute may regard as necessary or convenient for its purpose and objects to co-operate with any organisations and bodies, corporate or otherwise, as the interest of the Institute may be deemed to require; and
- to publicise the activities of the Institute to such persons and in such manner as may be considered advantageous to the interests of the Institute; to make donations to promote the interests of the Institute.

The functionaries responsible for the execution of stores financial administration must always display, "positive", "good" and "right" characteristics in performing their duties. [51] They must not be lured by unethical practices such as corruption, nepotism and conformity. Trust and loyalty are required of officials as they are involved with activities that have great financial commitments. They should always question their actions to ascertain whether they are ethically correct and are in the interests of the institution.

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51. Hanekom, "Ethical Dilemmas", op.cit., p.160.

8. SUMMARY

The distinctive nature and the peculiar environment of stores financial administration require functionaries to be aware of the normative factors that guide their conduct. In this respect officials must take cognisance of the following:

(i) Deference to legislative supremacy entails respect for the university council as the supreme governing body which determines policies, rules and regulations for the attainment of the university goals. As a chief executive body it is responsible for:
- deciding on the functional activities;
- determining the structure and functions of various committees and boards;
- provisioning and utilising of staff;
- acquiring and utilising of funds;
- determining of methods and procedures; and
- ensuring control measures for evaluation and appraisal.

In this regard functionaries responsible for stores financial administration must adhere to directives laid down in specific rules and regulations by council.

(ii) Maintenance of public accountability requires that all functionaries are able to answer for their actions or inactions. In this respect all officials should display a sense of responsiblity and their actions should be in the interests of the institution and contribute to the achievement of the university's goals.

(iii) Efficiency and effectiveness implies that the maximum benefit should accrue at the least cost and effort. In this regard functionaries should ensure that their performance is effective, that reasonable costs are incurred, that the university clientele requiring their services are satisfied and that the university council and senior officials are happy and content with their efforts.

(iv) The requirements of administrative law expects functionaries to realise the limits of their delegated authority and to execute their duties within these boundaries. All stores functionaries can be called upon to defend their action in a court of law and should therefore not exceed their powers under the law.

(v) Ethical standards prescribe the norms of behaviour according to an acceptable code of conduct. Officials should not be tempted to seek their own upliftment at the expense of the university. They should strive to uphold ethical values such as, inter alia, truthfulness, fairness, reasonableness, honesty and integrity in the execution of their duties.

From the aforementioned discussion it is clear that all functionaries involved with the execution of the activities constituting stores financial administration must abide by the normative factors of public administration.

CHAPTER VI

BUDGET PROCEDURE AND CONTROL FUNCTION AT THE UNIVERSITIES OF DURBAN-WESTVILLE, NATAL AND ZULULAND AND THE NORMATIVE FACTORS OF PUBLIC ADMINISTRATION IN STORES FINANCIAL ADMINISTRATION.

1. INTRODUCTION

The achievement of university goals depends on, inter alia, the procurement and utilisation of funds. In view of the fact that a major part of the funds is provided by the State, it is imperative that the budget procedure and control function is executed with due regard to the normative factors of public administration in stores financial administration.

In this chapter the following key aspects are discussed:

- the objectives of the budget;
- types of budgeting systems;
- budget procedure and control at the universities; and
- the normative factors.

2. OBJECTIVES OF THE BUDGET

In order to understand the objectives of the budget it is necessary to define it. A number of authors have endeavoured to define the budget. A few definitions are cited and discussed.

Hamilton states that a budget is:

"... nothing more than a plan, expressed in monetary terms, for utilisation of resources". (1)

Beaulieu emphasises the various components of a budget as follows:

"... a budget is a statement of the estimated receipts and expenses during a fixed period. It is a comparable table giving the amount of the receipts to be realised and of the expenditure to be incurred; it is furthermore an authorisation or given command given by the ... authorities to incur the expenses and to collect the revenues". (2)

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1. Fearon, H E : "Managing the Purchasing Function", in Fearon, H E and Hamilton, K (Eds) : Purchasing in South Africa, McGraw Hill Book Company, Johannesburg, 1980, p. 45.
2. Bhambri, C P : Public Administration (Theory and Practice), Jai Prakesh Nath Co., Meerut City, 1975, p. 68.

Stedry stresses the procedure and control aspects of the budget by stating that it is a

> "... financial plan serving as a pattern for a control over future operations ... hence any estimate of future costs ... a systematic plan for utilisation of manpower material and resources." (3)

From the above exposition it could be stated that the budget serves as a

- source of information;
- work programme;
- policy declaration; and
- control measure.[4)]

In the sphere of university financial administration the objectives may be elaborated on as follows:

(i) as a source of information it should clearly specify all activities to be undertaken by the public authorities. For example, these may be specified in terms of formal instruction, research and public service;

(ii) it serves as a work programme, which must be followed by various functionaries, such as the rector, registrars and heads of departments to ensure the achievement of predetermined goals within a specified period of time;

(iii) it acts as a policy document and is indicative of the activities, goals and objectives which the university council wishes to achieve ; and

(iv) the budget serves as a control and appraisal tool to ascertain to what extent, if at all, predetermined objectives and goals have been achieved.

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3. Stedry, A C: "Budgets : Definition and Scope", in Golembiewski, R T and Rabin, J (Eds) : Public Budgeting and Finance : Readings in Theory and Practice, Second Edition, Peacock Itasca III, 1968, p. 6.

4. Andrews, Y : Medical Practitioners and Nursing Professionals as Public Administrators, Haum Educational Publishers, Pretoria, 1982, pp. 60-61.

There are a number of ways of compiling a budget. Each method of doing so will result in a different form of budget.

3. TYPES OF BUDGETING SYSTEMS

The present types of budgeting systems evolved over many decades. It is said that reference to budgeting could be found in the hieroglyphics of ancient Egypt and the cuneiform of Babylon.[5)]

Griesemer states that the antecedents of budgeting, such as control, could be traced back to the signing of the Magna Carta in 1215, wherein Article 12, placed several limitations on the Crown's ability to impose taxes.[6)]

Jesse Burhead, in his book Government Budgeting (1956), suggests that the establishment of formal budgeting in Great Britain could be dated from about 1822.[7)]

However, regardless of when the budget as a formal document appeared, it is important to note the administrative implications of the various types of budgeting systems.

3.1 LINE-ITEM SYSTEM

The line-item budget is the earliest type of budget format to be used by public institutions and its primary emphasis is on the control of financial resources.[8)]

Hally defines a line-item budget as

> "... a list of planned expenditures expressed in terms of the kinds and quantities of objects of expenditure ... and the estimated revenue needed to finance them during a specified period". (9)

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5. Editorial: "In Defence of the Line Budget", The South African Treasurer, Johannesburg, January 1980, pp. 20-21.
6. Griesemer, J R : Accountants' and Administrators' Guide : Budgeting for Results in Government, John Wiley and Sons, New York, 1983, p. 4.
7. Loc. cit.
8. Ibid., p. 12.
9. Hally, D L : "Accountability and the Public Sector", Administration, Vol. 28, No. 2, Graphics Ltd., Dublin, 1980, p. 228.

The line-item system [10] is widely used and there are several reasons advanced for its popularity. These reasons are as follows:[11]

(a) it is easily understood as it specifies in a simple format the items and the funds available for expenditure ;
(b) the simplicity of the system facilitates prompt decision-making by executive officials ;
(c) it serves as an effective measure for financial control, as it is simple to ascertain the amount that has been expended and the amount still available ;
(d) the system can be easily linked and adapted to existing accounting systems ; and
(e) owing to its simplicity and the fact that it is easily understood, the system is therefore practical to implement.

A major shortcoming of the line-item system, is that, it does not reveal what will be accomplished once the money is spent.[12]

Dimock and Dimock are of the view that the system does not show relationships between programme inputs and outputs and that it conceals issues rather than clarifies them.[13] For example, the knowledge of the sum being spent for salaries does not indicate what was achieved by the employees or there is no way to determine whether money budgeted for equipment is being spent judiciously or being squandered on luxuries.[14]

As the line-item system does not relate to accomplishments and cannot justify expenditure in terms of achievements, it is considered a poor system for stores financial administration.

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10. Cochrane stresses that the main advantage of this system is that, through object classification, control over expenditure is facilitated, as it can easily be determined which expenditures are in terms of the approved budget or not, and accountability for any over or under expenditure can be easily determined - vide Cochrane, C B :"Budgeting the South African Way", Bulletin of the Institute of Public Service Training, Vol. 3, No. 2, University of Zululand, Zululand, December 1979, p. 57.

11. Griesemer, op. cit., p. 12.

12. Ibid., p. 13.

13. Dimock, M E and Dimock, G O : Public Administration, Holt Rinehart and Winston Inc., USA., 1969, p. 513.

14. Barton, R and Chappell, W L : Public Administration : The Work of Government. Scott Foresman and Company, Glenview, Illinois, 1985, p. 143.

3.2 PERFORMANCE BUDGETING SYSTEM

Weaknesses of the traditional line-item system of budgeting led to investigations into other forms of budgeting.

The performance budget was developed during the late 1950s and the early 1960s.[15)]

Barton and Chappell state that the performance budget focuses on the development of work-load measures and that the cost of performing a unit of work is then computed giving an indication of how efficiently work is being executed.[16)]

In its Industry Audit Guide, Audits of State and Local Governmental Units (1975), the American Institute of Certified Public Accountants reflect the following definition of performance budgeting:

> "The performance budget approach seeks to present a clear relationship between the input of resources and the output of service. To accomplish this objective, it lays principal emphasis on the measurement of quantitative data concerning units of work performed or services rendered within organisational units (departments) in performance of part or all of a given function or activity, eg. number of tons of waste collected by the department of sanitation or case work load in the department of welfare. These 'performance data' are used annually in the preparation ofthe budget as the basis for increasing or decreasing the number of personnel and the related operating expenses of a given department required to perform the services it renders." (17)

Performance budgeting reflects on the activities undertaken, the progress made and its completion.[18)] It serves to co-ordinate the work programmes of several departments and to ensure that voted funds are used as economically as possible.[19)] Its greatest strength, therefore, is the analysing of operating efficiency.[20)]

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15. Griesemer, op. cit., p. 17.
16. Barton and Chappell, op. cit., p. 143.
17. Griesemer, op. cit., p. 17.
18. Starling, G : Managing The Public Sector, The Dorsey Press, Homewood, Illinois, 1977, p. 289.
19. Loc. cit.
20. Griesemer, op. cit., p. 17.

The weakness of the line-item system is that it could not evaluate its achievement, whereas the strength of performance budgeting system is its ability to analyse operating efficiency. In this regard, both systems are considered compatible, supplementing each other.[21)]

Performance budgeting sets a measurement by which one could evaluate the efficiency of a department or programme activity. However, efficiency is not the only criterion which influences policy decisions in budgeting.[22)]

Griesemer aptly states in this regard that

> "... it is perfectly possible to do the wrong things very efficiently, workload measures are but one consideration in the matter of allocating resources." (23)

The activities constituting stores financial administration have financial implications of enormous proportions. Consequently, it is imperative that activities such as budgeting, purchasing and inventory are executed not only efficiently, but effectively as well.

The "unit cost" concept introduced by performance budgeting is of some significance to universities. In terms of the SAPSE based formula, unit cost is an important component which is used to determine the subsidies payable to universities.[24)]

3.3 BUDGETING BY OBJECTIVES

It is a fact that since World War II, public expenditure began to rise rapidly. This resulted in increasing demands being placed on revenue resources of many countries.[25)]

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21. vide Sing, D : Financing of Indian Local Authorities With Particular Reference to Isipingo Municipality, Unpublished Doctor of Administration Thesis, University of Durban-Westville, Durban, January 1983, p. 131.
22. Griesemer, op. cit., p. 17.
23. Loc. cit.
24. See supra., p. 58.
25. Roelofsz, K G :"A Practical Discussion on PPBS", The South African Treasurer, Vol. 48, No. 1, Johannesburg, November, 1975, p. 7.

The budgeting systems available then, namely, the line-item and the performance budgeting systems could not cater for the proper receipt, control and maintenance of public finance especially since public sectors needs came in excess of the available financial resources.[26)]

The traditional system indicated mainly the money required for personnel maintenance, transport, printing and related services.[27)] With the performance budget, it was possible to do the wrong things efficiently. Both systems could conceal inefficiencies which could prove costly for public officials and citizens alike.

It was, therefore, found necessary to introduce an effective and efficient system to distribute available resources equitably amongst competing priorities so as to render the necessary services to satisfy the national goal of community welfare.[28)]

This was necessitated a systematic and rational approach, so that available resources could be allocated on the basis of priorities, without sacrificing any goals.[29)]

This situation initiated the change to the planning-programming budgeting system as it is called in the United States or budgeting by objectives, as it became known in South Africa.[30)]

In the Republic of South Africa, the Commission of Enquiry into Fiscal and Monetary Policy in South Africa,appointed in November 1967, stated in its third report that

> "... all public authorities more especially central and provincial authorities, will derive great benefit from introduction of a system of programme budgeting. The emphasis that is placed in this system on integrated planning and budgetary procedure, the planning and budgeting on the basis of specific objectives over a number of years in advance and the formal analysis and

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26. Loc. cit.

27. Thornhill, C : "Budgeting By Objectives : The South African Approach", Bulletin of the Institute for Public Service and Vocational Training, Vol. 6, No. 1, University of Zululand, Zululand, June 1982, p. 59.

28. Roelofsz, op. cit., p. 7.

29. Loc. cit.

30. Thornhill, op. cit., p. 59.

> the considering of alternatives will promote increased efficiency in the public sector". (31)

The above Commission thus recommended the introduction of the programme budgeting system in South African public institutions. 32)

According to Roelofsz the budgeting by objectives systems is

> " a fiscal device designed to assist the decision-maker in the allocation of resources among competing activities by rationalising the choices which are placed before him". (33)

Barton and Chappell describe it as follows:

> "This approach attempts to identify objectives of programs and choose the best means of achieving them. Objectives are defined in terms of effectiveness or achievement of a goal". (34)

The system of budgeting by objectives is characterised by the following: 35)

(i) definition in advance of what is to be achieved;
(ii) consideration of the various choices available;
(iii) selection of the best possible alternative;
(iv) allocation of availabe resources; and
(v) evaluation of results to ensure that desired goals were in fact achieved.

There is little doubt that budgeting by objectives reveals a significant deviation from traditional budgeting systems. The emphasis was no longer only on inputs but also on outputs. Budgeting by objectives

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31. Republic of South Africa: Third Report of the Commisison of Enquiry into Fiscal and Monetary Policy in South Africa, RP 87/1970, Government Printer, Pretoria, November 1970, pp. 37-38.
32. Loc.cit.
33. Roelofsz, op.cit., p. 7.
34. Barton and Chappell, op.cit., p. 146.
35. Roelofsz, op.cit., p. 7.

is considered an important tool for planning, decision-making and control processes within an instituion.[36] Not only does it provide a feed-back to indicate how far objectives and performance targets are achieved but also provides the means to investigate corrective action as well.[37]

This system is currently being used in South African Government departments. All universities which were fully subsidised by the State had to comply with this system of budgeting.[38] However, the system is complex and difficult to monitor without an intensive staff support system.[39] Consequently, the system is considered to be a costly exercise.[40] In his 1986 Budget Speech, the Minister of Finance indicated that the Government is considering the implementation of the zero-base budgeting system.[41] This is also true of universities, such as the University of Durban-Westville which is viewing this matter in a favourable light.[42]

3.4 ZERO-BASE BUDGETING

The zero-base budgeting system, like the budgeting by objectives system entails inputs, outputs, effects and alternatives, but with a difference, it requires the complete re-appraisal and evaluation of all programmes constituting the budget periodically.[43]

Sarant defines the system as follows:

> "ZBB is a technique which complements and links the existing planning budgeting and review processes. It identifies alternative and efficient methods of utilising limited resources in the effective attainment of selected benefits. It is a flexible management approach which provides a credible rationale for reallocating resources by focusing on the systematic review and justification of the functioning of the funding and

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36. Loc. cit.
37. Loc. cit.
38. Interview with the Deputy Director (Purchases, Stores and Budget Control) of the University of Durban-Westville, on Tuesday, 4 March 1986.
39. Griesemer, op.cit., p. 16.
40. Loc. cit.
41. The Daily News, 17 and 18 March 1986.
42. Interview with the Deputy Director (Purchases, Stores and Budget Control) of the University of Durban Westville, on Tuesday, 4 March 1986.

performance levels of current programs or activities". (44)

Wholey states that:

> "Zero-base budgeting (ZBB) re-examines the base of existing program activities exploring the effects of reducing or reallocating the current levels of resources rather than taking for granted the base of existing programs, Program evaluation identifies objectives of existing programs and measures program costs and the degree of progress towards program objectives, providing information for policy and management decisions on objectives, resources and activities". (45)

These definitions reflect that every year is started anew and that each item of expenditure on the budget is viewed in terms of programmes and packages and must be strongly motivated for inclusion on the basis of priorities. 46)

This system has distinct advantages over the line-item and the budgeting by objectives systems in that it: 47)

- is an orderly way of evaluating alternatives;
- allows a constant reassessment of an institution's programmes, projects and departments in terms of their on-going contribution; and
- broadens the base for decision-making involving personnel to make contributions at all levels of the budgetary process.

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44. Sarant, P C : Zero-Base Budgeting in the Public Sector : A Pragmatic Approach, Addison-Wesley Publishing Company, Philippines, 1978, p. 3.

45. Wholey, J S : Zero-Base Budgeting and Program Evaluations, Lexington Books, Lexington, Massachusettes, 1979, p. 3.

46. Loc. cit.

47. Miewald, R D : Public Administration : A Critical Perspective, McGraw-Hill Book Company, U.S.A., 1978, p. 135. In the same vein Resnick adds that the zero base budgeting system requires all participating managers to prepare proposals for resource allocations as though every activity, function, project or expenditure grouping requires complete justification each year - vide Resnick, B L : "Zero-Base Budgeting - The Rational Allocation of Resources", The South African Chartered Accountant, Vol. 18, No 7, Johannesburg, July, 1982, p. 285.

The zero-base budgeting system therefore, requires the complete justification of resource requirements both for existing and new programmes and compels administration to evaluate in detail the cost effectiveness of their operations.[48)]

In the university context, institutions such as Durban-Westville, Natal and Zululand are applying aspects of this system. For example, when deciding to purchase expensive instructional or research equipment decisions are only made after determining its priority level.[49)] Therefore, this system can be adequately adopted to meet the requirements of stores financial administration especially in respect of the functional activities of budgeting and purchasing. It emphasises the budget procedure and control aspects which are considered critical to any budgeting system.

4. BUDGET PROCEDURE AND CONTROL FUNCTION AT UNIVERSITIES

Having explained the role of the budget and the different forms of budgeting systems, it is important to understand the terms "budget procedure" and "budget control" in the context of stores financial administration in universities.

4.1 BUDGET PROCEDURE

In this regard the budget procedure can be viewed as:[50)]

- preparation of the budget by user-departments;
- submission for approval of council; and
- implementation of the budget.

The budget procedure requires the head of department to determine the departmental requirements for the new financial year and to

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48. Haimann, T, Scott, W G and Conner, P E : Management, Fourth Edition, Houghton Mifflin Company, Boston, 1982, p.465.

49. Information obtained from high-ranking officials at the three universities studied.

50. Cloete, J J N :Introduction to Public Administration, Third and Revised Edition, J L van Schaik, Pretoria, 1986, p.116.

prepare the budget document in a prescribed manner for submission to various committees and to council. [51] In most universities, budgeting is still an incremental process, that is, it is based on the previous budget and most deliberations are centered around the increments request. [52]

The various committees,[53] such as audio-visual committee and the computer committee consider the budget requests pertaining to their respective field of expertise before being passed onto the budget committee, finance committee and council for approval and subsequent implementation.

4.2 BUDGET CONTROL

The budget control function begins once the budget is finalised and ready for implementation.

Haimann, et al stress the importance of the budget control function as follows:

"Budgets regulate all phases of organisation's operations over a specific period of future time ... Budgetary control, then, is using budgets to control those operations - to evaluate them in the light of the organisation's goals and to correct deviations from those goals". (54)

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51. Information obtained from high-ranking officials at the three universities studied.

52. Ibid., also vide Buchele, R P : The Management of Business and Public Organisations, McGraw-Hill Book Company, Chicago, 1977, p. 130.

53. Such committees are extensively used for specialised equipment at the University of Natal.

54. Haimann, et al op. cit., p. 453.

The budget serves as a master plan for co-ordination and control of an institution's activities.[55] It provides a basis for control and evaluation by:[56]

- setting standards;
- checking on performance;
- evaluating results; and
- taking corrective action.

Budget control is considered highly essential for the functional activities constituting stores financial administration and in particular, the purchasing function. Without control, departmental allocations are often exceeded because of a lack of any orderly means of restrictiong in advance, the amount to be spent on purchases.[57] Therefore, budget control from a centralised point would ensure proper control of purchases within departmental budget allocations.[58]

The budget procedure and control function applicable at the three universities shall now be discussed.

4.3 UNIVERSITY OF DURBAN-WESTVILLE[59]

4.3.1 Budget Procedure

Presently the budgets are drawn up per expenditure item for each department/division within the University. The Finance Division forwards the budget applications with a covering letter of instruc= tion reflecting the manner in which it should be completed.[60]

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55. Loc. cit.

56. Hodges, H G : Procurement : The Modern Science of Purchasing, Harper and Brothers Publishers, New York, 1961, p.319.

57. Ritterskamp, J J, Abbot, F L, Ahrens, B C : Purchasing for Educational Institutions, Third Printing, Teachers College Press, Columbia University, New York, 1961, p.9.

58. Loc.cit.

59. Interview with the Deputy Director (Purchases, Stores and Budget Control) of the University of Durban-Westville on Wednesday 3 September 1986.

60. See Annexure 1.

After a specified period of time, all the budgets proposals are returned to the Finance Division, which considers each request individually. The Budget Committee meets and revises the budget after discussions with each head of department. The Budget Committee, as a sub-committee of Finance Committee of Council, has before it the previous year's budget approvals and expenditures, which are used as guides in budgeting allocations for the new year. Cognisance must be taken of the amount of subsidy which will be received in terms of the SAPSE based formula and the amount of money which must come out of its own reserves to meet the total budget.[61)]

All these activities require to be undertaken timeously so that the various inputs could paint a total picture of the financial position for the new year.

Once the total budget has been balanced in respect of expected state subsidy as well as the use of reserve funds, it is necessary for the university to wait for the finalisation of its budget by Treasury, once Parliamentary approval is obtained. All universities are funded on the basis of a formula calculated by the Department of National Education and based on SAPSE returns submitted by the respective universities. All funds are channelled through their respective education ministries, and in the case of University of Durban-Westville, by the House of Delegates.[62)]

Presently the line-item system is being used by the University with some adaptations, such as priority items. As a 'state' university it also complied with the requirements of the budgeting by objec= tives system and had to submit "five year projections" to the Department of Internal Affairs which was then responsible for its financing.

With increasing financial difficulties such as rising rates of inflation together with budget cuts imposed by the Treasury, the University is considering introducing the zero-base budgeting

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61. See supra., p. 61.

62. See supra., p. 16.

system as a possible solution to its long-term financial planning. The inherent benefits of this system was made abundantly clear in a memorandum submitted by their external auditors, Coopers and Lybrand.

4.3.2 Budget Control

Budget control as it affects stores financial administration and in particular the purchasing function, is centrally controlled. All approved budgets are in the custody of a Chief Purchasing Officer. Therefore, prior to the approval of any purchase for a department the budgets are checked to ensure that funds are available. All depart= mental budget allocations are captured on the computer and the fund position can be easily seen on the display terminal. Furthermore, if funds are not available under a specific vote the computer would reject the request to print out a purchase order. The computer does not specify items,but only amounts approved. Therefore, purchasing officers must ensure that budgets are checked when equipment orders are processed to ensure that such items have been approved for purchase on the current estimates.

All order requisitions regardless whether initiated by user-department or by the Purchasing Section must be authorised by the purchasing officers before it is authorised for processing (of a computer order).

Therefore, a twofold check and control is maintained in respect of budgets, one,by virtue of computer rejection of order requi= sitions,because there is a deficit of funds,and the other,a manual control by the purchasing officer who ensure that the funds and items have been approved on current estimates before authorising such purchasing requisitions.

Where funds are short or have not been approved, prior approval for such purchases must be obtained before requests could be processed. This may mean a transfer of funds from different votes within a department or a request for funds from the Finance Division's resources. A further control in these instances is that such

requests must be ratified by the Finance Committee of the Council at its next meeting.

4.4 UNIVERSITY OF NATAL [63]

4.4.1 Budget Procedure

Budget applications are sent out timeously around May each year by the Finance Division to all heads of departments. [64] In an attached memorandum the Finance Officer emphasises the importance of completing the budget request as accurately as possible, including all motivations, so that delays are avoided and the budgeting process could be completed within a stipulated time scale.

Departments are instructed to indicate estimates of expenditure under, inter alia, the following categories: [65]

- supplies and services;
- minor building alterations;
- airconditioning;
- audio visual equipment;
- computers and word processors;
- typewriters;
- furniture and equipment; and
- laboratory equipment.

Academic departments must complete their forms and forward them to the Dean/Deputy Dean of their faculty, for scrutiny, priorisation, [66] recommendations and comments.

In the case of non-academic departments these forms must be forwarded direct to the Finance Division.

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63. Interview with Mr. N Jonker, Assistant Finance Officer at the University of Natal on Wednesday, 14 May 1986.

64. See Annexure 2, Budget Memorandum dated 21 May 1985, directed to heads of departments requesting them to comply with specific requirements when completing their budget applications.

65. Loc. cit.

66. Determining of priorities is used to ensure efficient and effective use of limited financial resources, op. cit., Annexure 3.

Of particular importance is that there are several specialised sub-committees which must consider departmental requests for specific items. For example, requests for computer equipment shall first be submitted to the Computer Technical Sub-Committee for comments prior to consideration by the Estimates Sub-Committee. A similar procedure is applicable for other types of equipment such as audio-visual equipment.[67]

Once the budgets are received by the Finance Division these are collated and formed into a book for consideration by the Estimates Committee. Finally after all details are agreed upon the budget is viewed and recommended by the Finance and General Purpose Committee and is subsequently approved by Council for implementation.

All financial implications of a budget are based on anticipated subsidy generated by the SAPSE formula for a specific year.[68] As this amount does not meet the complete budget of a university, alternative sources of revenue must be considered for the difference. This may be met from the reserve funds. The extent to which the University of Natal has to meet this difference is seen when in 1986 a budget deficit of R448 000 resulted after allo ating a sum of R1,14 million from the reserve funds of the University.[69]

The University operates a line-item system of budgeting with some adaptations. For example, priorities must be established for purchase of fixed assets. In this regard instructions to departmental heads are stated as follows:

"In order to assist in the evaluation of each fixed asset requested in relation to all requests made by your department please show absolute priority of all items, irrespective of category shown..." (70)

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67. -vide Annexure 4.
68. See supra., p. 65.
69. University of Natal: Nu Digest, Vol. 7, No.5, Durban, May 1986, p.2.
70. See Annexure 3.

The determination of priorities is based on the characteristics of a zero base budgeting system and is often referred to as priority based budgeting.[71)]

Like other universities, Natal University is also experiencing financial difficulties, the extent of which is clearly expressed by the Principal and Vice-Chancellor, as follows:

"The University is experiencing financial constraints of serious proportions. I appeal to all staff to consider most earnestly, ignoring no details, what they can be more sparing of, what they can defer and what they can do without, in order to reduce our expenditure to an absolute minimum. Possible areas where savings can be effected include the use of stationery, photocopying, use of lights, airconditioners and heaters, telephone calls, and entertainment. I have appointed small committees to investigate these and other areas of expenditure with a view to recommending procedures for making savings. Your co-operation in this matter will be greatly appreciated." (72)

In planning for the future the Principal emphasised that:

"... the University Planning Committee, through its Academic and Physical, Administration and Finance Working Groups, is continuing its function of critical review of the University with a view to presenting a plan for the future development of the University consistent with our present and projected financial resources".(73)

A senior official emphasised in this regard that the University may consider a system of "resources allocation", which may ease the current financial difficulties. Resources allocation implies the rational use of available financial resources. Once funds have been granted to departments, they must consider the best way to

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71. See supra, p. 109.

72. Nu Digest, op.cit., p.2.

73. Loc.cit.

achieve departmental objectives within the limits of their budget allocations. However, without established priorities, departments may not utilize their funds efficiently and effectively. For example, it is necessary to predetermine whether an equipment required for instruction or research is a necessity or not. Such priorities must be established for all levels of activity if it is to be of any value to the university in the long term.

4.4.2 Budget Control

The budget control function is exercised by a budget control clerk in the Purchasing Office. The control is centralised but exercised in an informal manner. The budget balance for a specific allocation is checked when the requisitioning department telephones the clerk for an official order number. The order number is given only if funds are available. Departmental estimates are also on hand and are checked to ensure only approved items are purchased.

However, the correct formal procedure requires that the budget control function be exercised when the purchase requisition reaches the clerk. An order number is only allocated if the clerk is satisfied that the items are provided for are on the estimates and adequate funds are available to cover the total cost of purchases.

As this procedure is not strictly followed, there are possibilities that changes are likely to occur in regard to value, quantity and description of items on the purchase order form, after the order number is given telephonically. Furthermore, budget balances can only be verified after receipt of goods and services.

All order forms are checked and authorised by the Assistant Finance Officer who is in charge of the Purchasing Office. However, such a scrutiny is done on a "post check" basis, (that is after the order number has been confirmed with the supplier) rather than a "pre-check" basis and as such is not an effective measure of control. Once an order number is confirmed with the supplier it implies that a legal contract has been established and can be contested in a

court of law.[74] Therefore, there are legal implications when order numbers are confirmed telephonically with a supplier. The telephone is not the best instrument of communication and an erroneous negotiation may prove to be a costly exercise for the University. Therefore, this aspect must be carefully considered.

A further practical problem is that the University of Natal is a large institution serving some 150 or more departments. Budget control is made difficult by the decentralised purchasing system. The control is maintained on a manual basis in that purchase orders are processed manually. The distance between departments and the Purchasing Office creates a further problem. The Purchasing Office and the Stores Section are 2.6 kilometres from the main campus buildings and do not facilitate personal communication.

These are some problems that can be considered as hampering a centralised budget control procedure.

The University is considering computerisation of its purchasing and budget systems which may result in a more efficient system of budget control.

4.5 UNIVERSITY OF ZULULAND [75]

4.5.1 Budget Procedure

The University's Finance Division sends out budget requests forms to the various heads of academic departments and non-academic departments at least a month or more in advance for the next financial year. In a covering letter, instructions are given as to the manner in which these budget requests should be completed and the date these should reach the Finance Division.

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74. See infra., p. 131.

75. Information obtained form high-ranking officials at the University.

The heads are requested to budget for their departmental require= ments according to specific categories and include, inter alia:

- supplies and services;
- replacement equipment; and
- new equipment

Budgets are received from each department per expenditure item. Once these are received, the budgets are reviewed by the Budget Committee, comprising of the Registrar (Finance), Registrar (Administrative), Assistant Registrar (Finance) and the Vice-Rector. This Committee may call in heads of departments for discussion of their budget proposals if considered necessary. All expensive items of equipment must be motivated for inclusion on the estimates. The budgets are then finalised and submitted to the University Council for ratification and subsequent implementation.

The University Council approved the following recommendation made by the Planning Committee in regard to the implementation of the budget:

"Once the allocation of funds for a financial year has been approved by Council and the different departments/sections notified of the amount allocated to them they must indicate which of the budget items must be ordered. (This is necessary because the total amount bud= getted is usually higher than the allocation). Should the amount allocated be of such a nature that the planning of a department/ section is disrupted alternative items to be purchased must be suggested (e.g. budget for a piano but receive only 75% of the funds." (76)

Note the inherent flexibility of the budget.

The University implements a line-item system of budgeting, which includes a variable component.[77] This simply means that the

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76. Information obtained from a purchasing policy document approved by Council on 2 December 1983, item 5.3.

77. Letter 5.2.8 dated 22 September 1986, from the Registrar, University of Zululand.

approved sum is subject to some variation or flexibility in terms of purchases.[78]

The University is also financed in terms of the SAPSE financial formula[79] and consequently the budget must be adapted to meet the SAPSE system.

4.5.2 Budget Control

The budget control at the University is centralized at the Purchasing Office. This ensures that only approved items are purchased and that funds are available, prior to the issue of an official purchase order. The form Requisition to Purchase clearly stipulates in this regard as follows:

"The Buyer is not authorized to process Departmental Equipment requests unless budgeted for or approved by the Dean of Faculty/ Registrar of Finance" (80).

This central control of the budget ensures sufficient checking before a purchase order is issued.

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78. A variable budget is one which is flexible and is a kind of supple= ment to the main budget. Variable budgets are computed for different levels of activity. For example, a variable budget may estimate the purchase of goods and services for the University at R15 000,00 per month. At the end of the specified financial year one could cal= culate what the actual expenditure on goods and services for the year amounted to and the average amount per month. This serves as an expense standard for each type of activity. Haimann, et al op.cit., pp. 461-462.

79. Loc.cit., and see infra., p. 61.

80. See Annexure 1.

4.6 BUDGETING AND SAPSE [81]

All universities are now required to submit their annual budget and financial report to the Department of National Education in terms of a specified format conforming to the SAPSE Information System. [82]

The SAPSE Information System provides for a series of funds comprising of : current funds, loan funds, endowment funds and fixed-asset funds. These are sub-divided into restricted and unrestricted fund categories.

The annual budget of the universities in regard to fixed assets and current funds are estimated by departments.

The operating budget basically comprises of three categories, these are staff remuneration, supplies and services and rental.

Where expenses are of a general nature and cannot be earmarked against specific departments or programmes such costs are considered and budgeted for by the Finance Division. Such expenses are, inter alia, audit fees, insurance payments and bank charges.

The State subsidies increase or decrease in direct proportion to the increase or decrease of student numbers and student achievements. Tuition fees are determined by the university council and are con= sidered in terms of possible university expenditure to be incurred each year.

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81. See supra., pp.61-65. vide Department of National Education : SAPSE FINANCE MANUAL : REPORT : SAPSE - 006, Pretoria, May 1982, passim.

82. See supra., p. 64.

5. A COMPARISON OF THE OPERATIONAL ASPECTS OF BUDGET PROCEDURE AND CONTROL FUNCTION AT THE UNIVERSITIES OF DURBAN-WESTVILLE, NATAL AND ZULULAND.

There are a number of ways of compiling a budget. Each way of doing so will result in a different form of budgeting system. The different types of budgeting system are line-item, performance, budgeting by objectives and zero-base budgeting. Each of these systems have their own advantages and disadvantages.

At South African Universities the line-item system is primarily used with minor adaptations. To a large extent budgeting is still an incremental process at these universities.

The Universities of Durban-Westville and Natal are reviewing their budgeting systems with a view to establishing a dynamic system of priority determination.

In this regard the University of Natal is considering a system of resources allocation which is a combination of the zero-base and the line-item systems. However, even the resources allocation system is not considered adequate, in that it does not establish priorities at all levels of activity. The zero-base budget has distinct advantages in that it consideres each activity anew and establishes priorities at each level of activity.

The University of Durban-Westville is considering the zero-base budgeting system in order to achieve optimum utilization of its financial resources.

The Universities of Zululand with its variable component within the line-item system is considered adequate by its officials.

The budget procedure followed at the three universities studied is similar, in that, it is initiated by the finance division and viewed by the budget and finance committees before being approved by council. Of immense value in the budget procedure function is the contributions made by specialised committees which are extensively used by the

the University of Natal to assist the budget committee in determining priority levels of specialised equipment. Such committees as, inter alia, computer committees and audio-visual committees reflect expert opinions and recommendationsin respect of such specialised items of equipment.

The budget control function is critical to stores financial adminis= tration as it commits the university to a financial obligation and therefore must be executed with thoroughness and circumspection. At the universities studied the budget control function is centralised. However, the degree of formality differs from university to university.

At the University of Durban-Westville all purchase orders are approved in terms of the budget. A centralised control system ensures that each purchase requisition is checked by the budget control officer before being authorised by the Purchasing Office .A further control measure is exercised by the computer which rejects a command to print an official computer order if there are no funds or if the available funds are insufficient to meet the total cost of purchases.

At the University of Natal the budget control function, although centralised, is executed in an informal manner. Budget balances and control are exercised in an informal manner, that is by the use of the telephone. Purchase orders are not personally verified as the order numbers are allocated over the telephone. The formal procedure requires that all purchase requisitions be channelled through the budget control officer prior to its approval.

The University of Zululand prescribes to a centralised budget control function. In this regard all purchases orders are approved by the Director or his authorised representative, prior to its execution.

6. BUDGET PROCEDURE AND CONTROL FUNCTION AND THE NORMATIVE FACTORS OF PUBLIC ADMINISTRATION IN STORES FINANCIAL ADMINISTRATION

The council of a university is the supreme governing body res= ponsible for the institution's administration. The budget is approved by council prior to its implementation. It is therefore, regarded as an official policy document which specifies the programmes, activities and goals that must be achieved by the university officials. All functionaries are expected to execute their duties within the ambit of the approved budget.

However, as a council does not specify details in regard to each objective, officials are allowed flexibility and discretion in their endeavours to attain such goals. It is important to note that such actions must not exceed the limits of the requirements of adminis= trative law, that is, one should not exceed one's authority and must remain within the scope of one's delegation.

In order that the budget preparation and implementation function is executed as effectively and efficiently as possible, it is necessary to ensure that the budget procedure and control activity takes cognisance of all rules and regulations pertaining to stores financial administration as approved by council. For example, departments must ensure that their requests for the purchase of equipment are within the amount approved in the budget. The prior approval of a council must be obtained for any over expenditure in this regard.

The officials responsible for stores financial administration execute their activities in a financial milieu. A large portion of the university's budget is provided by the State from public revenue. Therefore, the functionaries' actions would be subject to careful scrutiny by the council. Functionaries should be made aware that all financial reports of the university are presented to Parliament on an annual basis through the responsible educational ministries. In this regard, Parliament as the supreme sovereign legislative authority may call functionaries to account for their actions.

7. SUMMARY

The budget is the focal document around which all activities revolve. It initiates the functions constituting stores financial administration which aims at the optimum utilisation of financial resources.

The objectives of the budget are to serve as a source of information, work programme, policy statement and a control measure.

All functionaries responsible for stores financial administration must be aware that the budget is the official policy document approved by the council which is the supreme governing body. The budget procedure and control function must be executed efficiently and effectively with due regard to the stipulations of the budget, rules and regulations. Furthermore, all functionaries must act within the scope of their delegated authority and be able to account for their actions.

CHAPTER VII

ADMINISTRATION OF THE PURCHASING FUNCTION

1. INTRODUCTION

The purchasing function entails an expenditure between twenty-five to thirty per cent of the university's budget and in terms of expenditure is considered only second to the staffing function.

The purchasing function entails the various responsibilities inherent in providing the material needs and services of the various departments within the university.

In this chapter the following aspects are discussed :

- objectives of the purchasing function;
- financing;
- organisational arrangements;
- staffing;
- methods and procedures; and
- control

2. OBJECTIVES OF THE PURCHASING FUNCTION

The purchasing function ensures that goods and services required by an institution are bought for the pursuance and achievement of the institution's goals.

There are many definitions on the purchasing function : a few are cited :

"Any organisation, whether it be a bank, hotel, insurance company, hospital, airline, governmental agency, or appliance producer, must have a continuous flow of materials, supplies and services to support operations. The supply of these items is usually handled through the organisation's

purchasing department, which has the managerial responsibility of providing, from outside vendors or suppliers, a smooth flow of materials, supplies, and services to support operations".(1)

"Purchasing is a managerial activity that goes beyond the simple act of buying and it includes the planning and policy activities covering a wide range of related and complementary activities. Included in such activities are the research and development required for the proper selection of materials and sources; the follow-up to ensure proper delivery; the inspection of incoming shipments to ensure both quantity and quality compli= ance with the order; the development of proper procedures, methods, and forms to enable the purchasing department to carry out established policies; the co-ordination of the activities of the purchasing department with such other internal divisions of the concern such as traffic, receiving, storekeeping and accounting, so as to facilitate smooth operations; and the development of a technique of effective communication with top management of the company so that a true picture of the performance of the purchasing function is presented".(2)

These definitions relate specifically to the 'purchasing function' in private institutions, Ritterskamp, et al define the concept as it applies to educational institutions and in particular universities as follows:

"The purchasing function - or procurement[3)] function, as it is often referred to - embraces the various responsibilities inherent in providing the material needs and services of the institution.

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1. Fearon, H E : Overview of the Purchasing Function" in Fearon, H E and Hamilton, K (Eds) : Purchasing in South Africa, McGraw-Hill Book Company, Johannesburg, 1980, p. 3.

2. Westing, J H; Fine, I V and Lenz, G J : Purchasing Management Materials in Motion, Fourth Edition, John Wiley and Sons, New York, 1976, p. 4.

3. 'Procurement' is often used to describe a comprehensive planned purchasing program in contrast to the simple act of purchasing expressed requirements of using departments. The two terms are here used interchangeably, without connotation, since the purchasing specialist of today recognises any purchasing responsibility as encompassing considerably more than making a purchase - vide Ritterskmap, J J, Abbot, F L and Ahrens, B C (Eds) Purchasing for Educational Institutions, Third Printing, Teachers College Press

It seeks to obtain maximum utilisation of each educational dollar appropriated for equipment, supplies, and contracted services. Buying on a planned and coordinated basis, carefully negotiating purchases and analysing values, standardising and simplifying requirements, product testing, and market research are the methods purchasing employs to achieve this goal of an adequate quid pro quo for each expended dollar".(4)

All the definitions reflect a common theme, namely, that the purchasing function ensures a steady flow of goods and services acquired in an efficient and effective manner and contributes to achievement of the university's goals.[5)]

Policy-making precedes policy.[6)] In the execution of the purchasing function, policies must be reviewed and constantly adapted to changing circumstances.[7)] In the definitions it was stated that purchasing is a continuous activity necessary to support operations of an institution. Consequently, the purchasing function could be construed to be a dynamic activity, and as such it is necessary to constantly monitor the goals and objectives it sets for itself.

A general statement of the overall objectives of the purchasing function is that it should obtain the 'right materials' (goods and services), in the 'right quantity' for delivery at'the right time' and 'right place' from the 'right source' (reliable vendor), with the 'right service' (includes before and after sales service), at the 'right price'.[8)]

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4. Loc. cit.

5. In industries the purchasing function is geared to meet production deadlines, vide Westing, et al op.cit., p. 4.

6. Cloete, J J N : Introduction to Public Administration, Third and Revised Edition, J L van Schaik, Pretoria, 1986, p. 56.

7. Loc. cit.

8. Fearon, "Overview of the Purchasing Function", op.cit., p. 4 The term 'right' may be viewed differently by various people in various circumstances. Therefore, a decision must be made on what is 'right' and 'wrong' in the purchasing context. In elaboration, it could be said that the satisfaction of the customer and the efficient manner of obtaining goods and services at reasonable prices are essential elements of the purchasing function.

The following are considered the important objectives of the purchasing function :

(i) The supply of an uninterrupted flow of goods and services required for the continual operation of the institution : Without supplies and services the operating and functioning of an institution, such as a university, is not possible. For example, a hospital cannot perform surgery without the buying of intravenous solutions. Similarly, a university cannot educate if there are no chemicals to carry out a chemistry experiment or scientific equipment to perform a test.[9)]

(ii) The need to consider standardisation of items purchased : In this regard, Ritterskamp, et al emphasise its importance :

"Standardisation and simplication of commodities used by all departments pave the way for longer-term contracts. Better products can be obtained at lower cost than when each department demands a slight variation in the same commodity; standardisation permits the storage of supplies so that they are readily available and usually makes it easier for more suppliers to bid".(10)

(iii) Securing the purchase requirements at the lowest possible price: The amounts spent by public institutions, such as universities, on goods and services account for approximately twenty-five per cent of the total budget. A slight percentage reduction in prices ensures an even larger savings in respect of the total budget. In negotiating the lowest price, it is not necessary to sacrifice quality, prompt delivery and service.[11)]

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9. Loc. cit.
10. Ritterskamp, et al op.cit., p. 16.
11. Fearon, op.cit., pp. 5-6.

(iv) Achieving a harmonious working relationship with user-departments within the institution and with suppliers outside : The purchasing function can only be effectively and efficiently accomplished if active participation and co-operation is obtained from all user-departments within the university. It is necessary for good public relations for universities to ensure a cordial and wholesome relation= ship with vendors as well. The need to make prompt payment to suppliers is vital to a sound relationship. In this regard, it is also important to note the possibility of vendors becoming potential donors to the university's development fund or may even support the university's bursary and loan schemes. Sound human relations is vital to the purchasing function.[12)]

(v) Selecting and developing competent supplies : The success of the purchasing department depends on its skill in locating or developing suppliers, analysing their capabilities, and then selecting the appropriate one. Only if the final selection results in suppliers who are both responsive and responsible will the institution obtain the items it needs at the lowest ultimate cost. For example, if the purchase of a computer system is made from a supplier who later goes out of business and is not able to perform the long-term maintenance, modification, and updating of the system, the initial favourable price will turn out to be a very high final price, due to the supplier's inability to make good on the original commitment.[13)]

(vi) The need to maintain adequate quality control standards : To buy a product or service is not enough. It is necessary to ensure that the quality of such items meet a designated quality level or standard. Otherwise, the poor quality item will not have the desired result or as a consequence increase the operating and administrative costs. For example, if the

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12. Loc. cit.

13. Loc. cit.

carbon paper supplied to secretarial services is of poor quality, then the typing will also be of a poor quality and will have to be redone. The inconvenience, time and effort spent in rectifying such errors is a costly exercise and should be avoided.[14)]

(vii) To accomplish the purchasing objectives as efficiently and effectively as possible : Fearon elaborates in this regard as follows :

"It takes resources to operate the purchasing department: salaries, telephone and postage expense, supplies, travel costs, and accompanying overheads. If purchasing procedures are not efficient, purchasing's administrative cost will be excessive. The objectives of purchasing should be achieved as efficiently and economically as possible, which requires that the purchasing manager continually review the operation to assure that it is cost effective. If the firm is not realising its purchasing objectives due to inadequate analysis and planning, perhaps additional personnel are needed. However, the purchasing manager should be continually alert to possible improvements in purchasing methods, procedures, and techniques. Unnecessary steps in processing purchasing paperwork could perhaps be eliminated or the computer could be used to make the storage and recall of needed purchasing data more efficient". (15)

From the aforementioned discussion it is clear that there are a number of policies which must be adhered to, to ensure that the goals of the purchasing function are achieved. Since the pur= chasing function involves a legal obligation[16)] between the buyer and the seller, any decisions made to purchase must be based on sound judgement, skills and attitudes of the buyer. The buyer is instrumental in commiting the institution.

Funds are required to achieve the objectives of the purchasing function.

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14. Ibid., p. 4
15. Ibid., p. 6
16. Kerr, A J : The Law of Sale and Lease, Butterworth Publishers, Durban, 1984, p. 3

3. FINANCING OF THE PURCHASING FUNCTION

The purchasing function can only be executed if funds are provided. At the universities of Durban-Westville, Natal and Zululand funds are provided on the respective departmental budgets under different allocations for the purchasing of supplies and services.

Wolhuter states that an average South African university spends an estimated twenty million rand on purchasing, supplies, services and equipment.[17] Among the three universities studied, the University of Durban-Westville could be viewed as an average university which spent an estimated ten million rand on purchases for the 1985 financial year.[18]

The purchasing function is performed in a financial milieu and it is, therefore, necessary to ensure that the organisational arrangements are well suited to execute it.

4. ORGANISATIONAL ARRANGEMENTS FOR THE PURCHASING FUNCTION

The success of the purchasing function depends on the organisational arrangements and the personnel appointed to execute it within an institution.

The council of the university as the supreme co-ordinating authority operates from the top throughout the entire organised institution.[19] An organisational structure must be designed to adequately establish the relationship between individuals, groups or functions in the common undertaking to achieve institutional goals.[20]

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17. Wolhuter, C W :"The Computer as an Aid to Universities Purchasing Officers", University of Witwatersrand, Johannesburg, September 1981, p. 1 refer to Annexure 5.
18. Information obtained from high-ranking officials at the University of Durban-Westville.
19. Ritterskamp, et al op.cit., p. 26 and see supra., p. 32.
20. Loc. cit.

The importance of sound organisational arrangements for the purchasing function cannot be overemphasised. The purchasing executive unit must take cognisance and put into practice the principles of good organising.[21] In this regard the following guiding principles are significant:[22]

(i) policies should be defined and imparted to those who are responsible for its achievement;

(ii) work should be subdivided, systematically planned and programmed;

(iii) tasks and responsibilities should be specifically assigned and understood;

(iv) appropriate methods and procedures should be developed and utilised by those responsible for policy achievement;

(v) appropriate resources (men, money, material) in terms of availability and priority should be equitably located;

(vi) authority, commensurate with responsibility, should be delegated and located as close as possible to the point where operations occur and decisions need to be made;

(vii) adequate structural relationships through which to operate should be established;

(viii) effective and qualified leadership should head each institution and each subdivision of the institution;

(ix) unity of command and purpose should permeate the institution;

(x) continuous accountability for the utilisation of resources and for the production of results should be required;

(xi) effective coordination of all the individual and group efforts within the institution should be achieved; and

(xii) continuous reconsideration of all the matters pertaining to the institution should be a part of regular operations.

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21. Ibid., p. 30.

22. Loc. cit.

Having determined the nature of a good organisational structure, it is necessary to determine the arrangements best suited to the purchasing function.

An institution requires an effective purchasing system to meet its objectives. The question arises as to which type of purchasing system an institution should adopt. There are a number of approaches which may be used, these are, inter alia, centralisation, de=centralisation and a combination of centralisation and decentralisation systems.[23)]

4.1 CENTRALISATION OF THE PURCHASING FUNCTION[24)]

Ritterskamp, et al state that : "by centralisation is meant the plan of assigning all responsibility for a given function to a single office".(25)

A centralised purchasing system implies that all purchases are routed through a central purchasing office and no commitment to buy is final until approved by the purchasing officer.

Results of a study carried out in American universities and colleges indicate an intense preference for centralised purchasing. As much as eighty nine per cent of the replying institutions indicated that the purchasing function is completely centralised or is centralised with the exception of certain specialised items, such as perishable foodstuffs or library books. The survey further showed that the purchasing department is responsible for the pro=curement of general items in common use, high value equipment, and arranged special and contract purchases as well. Another sig=nificant feature is that institutions which are not completely centralised are making endeavours to do so.

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23. Baily, P and Farmer, D : Purchasing Principles and Techniques : A Management Approach, Third Edition, Pitman Publishing Ltd., London, 1979, p. 15.

24. Ritterskamp, et al op.cit., pp. 4-6.

25. Ibid., p. 4.

From the report it is obvious that there are certain advantages in the centralised system.

4.1.1 Advantages of Centralisation

Ritterskamp, et al lists, inter alia, the following advantages which result from centralisation of the purchasing function for institutions of higher education, such as universities:[26)]

(a) By centralisation of the purchasing function it is possible to combine requirements of several departments and enables better price negotiations for bulk purchases. A centralised purchasing unit because of its buying potential has enormous bargaining power.

(b) A centralised purchasing unit is in a position to study the requirements of the various departments within the university, co-ordinate these and plan purchases so as to obtain the best price from suppliers. Planning is of paramount importance to the purchasing function and minimises the number of 'urgent orders' for the 'unforseen' items'.

It further ensures orderly planning and organising of work, especially if purchasing were left to faculty staff who have a tendency to delay purchases until the actual need arises or to buy in excessive quantities to decrease their workload.

(c) It is sound purchasing practice to ensure the use of specifications and the need for standardisation of supplies and materials used in universities.

Gushee and Boffey state in this regard :

"Not until standards have been established for all equipment, materials, and supplies, and not until clear and intelligible specifications have been made

26. Ibid., pp. 4-11.

a prerequisite for every purchased item, can the full benefits and economics of scientific purchasing be realised".(27)

There is little doubt that with centralised purchasing it is easy to develop a system of standardisation and specifications for a series of common goods and services. This in the long term promotes efficiency and effectiveness in the purchasing function. Furthermore, there is a marked reduction of varieties of similar items being purchased and this ultimately results in a more uniform and satisfactory quality of merchandise.

(d) Although figures are not readily available to show the cost effectiveness of centralised purchasing, it is logical to assume that duplication of effort and expense is decreased when all purchasing is executed through a central purchasing unit. There is, for example, a decrease in the number of orders that will be issued and consequently in the number of invoices that have to be processed for payment and similarly in the number of cheques to be remitted to suppliers.

(e) With large volume purchasing it is, possible to obtain cash and settlement discounts. Invoices which pass through a centralised purchasing unit enables prompt and efficient handling of payments to suppliers and guarantees that discounts will be deducted timeously.

(f) Through the centralisation of the purchasing function it is simple to limit purchases within approved departmental budgets. Before each purchase is authorised by the purchasing officer the availability of funds must be checked against the respective departmental budget. This could be made standard practice within a central purchasing unit and would certainly provide a more effective budget and financial control method.

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27. Gushee, E T and Boffey, L F : Scientific Purchasing, McGraw-Hill Book Company, New York, 1928, p. 45.

(g) Under a centralised purchasing system there are personnel with a higher degree of purchasing ability, with specialist buyers in certain fields. Consequently, more effective and efficient results are achieved in a purchasing unit administered by qualified and trained staff.

(h) The centralised purchasing unit, because of its specialist activity, is in an ideal position to obtain an efficient delivery and service from suppliers. It is able to ne= gotiate improved delivery times and ensure satisfactory service. It is geared to stipulate, for example, the type of packaging to be used, to which delivery points goods must be supplied, and it is convenient both to the supplier and the instituion to return incorrect and unsatisfactory items of merchandise from a central point. The centralised purchasing function also facilitates the follow-up and expediting of outstanding orders.

(i) The centralisation of the purchasing function is not only of benefit to the institution but to the supplier as well. The number of calls by representatives is reduced and the decrease in the number of orders entails savings for the suppliers. Furthermore, if a centralised delivery point is maintained by the institution, delivery and transport costs of the suppliers are further reduced.

Such reduction in overhead costs of the suppliers may prove to be of benefit to the institution in obtaining lower prices and further discounts for cash purchases.

The centralised purchasing function does not necessarily imply only advantages, there are also limitations to the system.

4.1.2 Limitations of Centralisation

The following may be considered as limitations of the centralised purchasing function:[28]

(a) It is possible that under certain circumstances centralisation of the purchasing function is not advisable. In cases of satellite units of a college or university it is beneficial to centralise the purchasing function to each geographical area rather than trying to co-ordinate the purchasing requirements of all such units under one central purchasing office. In these instances, poor communication and geographical separation are factors which may hinder rather than promote centralisation of the purchasing function.

(b) The human element is a factor which may seriously limit the functioning of a centralised purchasing unit. This occurs especially when there is disagreement between the user-department and the purchasing officer on the choice of an item intended for purchase.

(c) The emphasis on financial savings as contrasted to values in research or the institution may decrease the effectiveness and credibility of the purchasing unit. A purchasing officer who acquires a reputation of being concerned with monetary savings at all costs at the expense of instructional and research objectives seriously hinders the overall goal achievement of the university. Such a 'tag' must be avoided if the purchasing unit is to effectively contribute to the welfare and administration of the university.

(d) It is important that a centralised purchasing unit portrays a reliable, cordial and an efficient image. It must not administer its services through excessive paper work or by insisting on minute and insignificant details. Such an

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28. Ritterskamp, et al op.cit., pp.11-14.

attitude of 'bureaucracy'[29] and 'red tape'[30] is thoroughly resented by academics and militates against obtaining their sincere co-operation. Excessive paper work results in undue delays in processing of purchase orders and may prove costly to the institution.

(e) If the centralised purchasing unit portray an image that it is the only 'au fait' body which alone posseses the requisite knowledge for making a sound purchasing decision, then it seriously restricts its function as a service department. It must convince the user departments of its sincerity and willingness to serve and that it is prepared to consider their wishes and desires in respect of possible acquisitions. Any decision to deviate from the choice of the user department must be based on sound and logical reasoning and be executed only if it is in the best interests of the university.

From the foregoing discussion it is apparent that the advantages of the centralised system outweigh the possible limitations. If concerted effort and co-operation are obtained between the centralised purchasing unit and the user-departments then the system could prove to be an efficient and an effective one.

4.2 DECENTRALISATION OF THE PURCHASING FUNCTION

When the purchasing function is decentralised it implies that the activity of purchasing will be executed by numerous, un-coordinated purchasing units in each department.[31]

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29. Hanekom and Thornhill define bureaucracy as :

"rule by officials in public institutions in such a way that impersonal rules are enforced without having due regard for either the clientele, the values of the citizens, or the aims of the elected representatives as as expressed by political office-bearers", vide Hanekom, S X and Thornhill, C : Public Administration in Contemporary Society : A South African Perspective, Macmillan Publishers, Johannesburg, 1983, p. 151.

30. "One hundred and fifty years ago government documents in England were bound in red coloured tape. Charles Dickens turned "Red Tape" into an expression representing cumbersome bureaucracy. Today the phrase "Red Tape" has become infamous, bringing tomind images familiar to us all long lines, complicated forms, confusing instructions and aggravating delays", vide The Office of the Ombudsman of Ontario : "Red Tape", Equal Times Ombudsman/Ontario Newsletter, Vol. 1, Toronto, Ontario, Canada. September 1984.

Ritterskamp, et al elaborate when they state that :

"A decentralised plan, by contrast, gives numerous officials authority to make purchases without any reference to a central office. Thus, under the decentralised plan, each department chairman does the purchasing of the supplies and equipment for his unit; the superintendent of buildings and grounds buys all the supplies for plant operation and maintenance; and each administrative office buys its own office supplies".(32)

4.2.1 Advantages of Decentralisation

The following are, inter alia, the advantages of decentralisation:[33]

(a) the local purchasing officer is expected to have a better knowledge and understanding of the purchase requirements of the institution, of local suppliers and transport and storage facilities;

(b) in the event of emergency needs the purchasing officer is able to respond promptly owing to shorter lines of communi= cations and because he is 'on site' he has a greater awareness of the local circumstances; and

(c) since the purchasing officer is responsible directly to his immediate superior officer, this ensures better liason and even stricter control.

From the above it is clear the advantages of a centralised purchasing system far out-weigh that of a decentralised purchasing system.

4.2.2 Limitations of Decentralisation

In general the advantages of a centralised system can be construed as the disadvantages of the decentralised system.[34] A few limitations are cited :

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32. Loc. cit.
33. Baily and Farmer, op.cit., p. 15.
34. Ibid., p. 16.

(a) the standardisation of items is made difficult.[35] Consequently, a variety of similar items are acquired from different sources which make servicing and maintenance a difficult task;

(b) reasonable prices are not obtained since requirements are not combined and pooled to effect savings;[36]

(c) uniform standards and specifications are difficult to develop as the collation and analysis of purchasing requirements are made problematic under a decentralised system;[37]

(d) orderly planning and organising is found to be lacking in a decentralised system. It encourages duplication of effort and expense as the purchasing function is executed by the various purchasing units;[38]

(e) under a decentralised system departmental appropriations are frequently exceeded through a lack of systematic control for restricting the placing of purchasing orders in advance;[39] and

(f) departments usually receive goods and services and approve invoices for payment and frequently, for various reasons, the department delays the transmission of invoices to the accounting section. This consequently results in cash discounts being lost. Such consistent losses may add up to hundreds of rand annually.[40]

4.3 COMBINATION OF CENTRALISATION AND DECENTRALISATION OF THE PURCHASING FUNCTION

Baily and Farmer, state that :

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35. Ritterskamp, et al op.cit., p. 8.
36. Loc. cit.
37. Loc. cit.
38. Loc. cit.
39. Ibid., p. 9.
40. Loc. cit.

"... a combination of both is often used to obtain the benefit from the best features of each, while avoiding the disadvantages of both approaches".(41)

Some advantages which are listed are :[42)]

- determining policy, standards and procedures and group specifications;
- the negotiation of contracts for common materials which are used by the departments in any volume;
- legal matters relating to supply;
- co-ordination of group inventory; and
- arrange contracts for imported materials and for exports where relevant.

It is necessary to recruit personnel with the required knowledge and skills to execute the purchasing function.

5. STAFFING, PROVISION AND UTILISATION FOR THE PURCHASING FUNCTION

The quality of performance of the purchasing function is determined to a large extent by the quality of the personnel appointed to execute it. Therefore, it is important to appoint personnel who have the proper knowledge and skills in this specialised field of activity.

In this regard Ritterskamp, et al states as follows :

"Careful selection of the chief purchasing officer and all members of his department holding subordinate administrative positions should be made with the primary function of the purchasing department in mind, that of serving the educational and operating departments of an institution by providing them with the wanted materials, supplies, and equipment at the time they are needed".(43)

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41. Baily and Farmer, op.cit., p. 16.
42. Loc. cit.
43. Ritterskamp, et al op.cit., p. 35.

Furthermore, with regard to qualifications, experience and knowledge of the purchasing officer, Ritterskamp, et al states that :

"the most successful and efficient purchasing agent will probably be a college or university graduate who has had both educational and purchasing or business management training and experience. He should have a thorough knowledge of the basic principles and techniques of purchasing; of the methods and procedures of purchasing, storing, distributing, and accounting for the materials and supplies ordinarily required within an institution. He should have a knowledge of market conditions, current prices, quality of materialy, traffic procedures, business, law, sources of specification and supply, or must at least know how to locate these sources. He should learn the reputation of the suppliers and their ability to serve the needs of the institution, and be aware of the sharp practices sometimes used by vendors". (44)

5.1 DUTIES AND RESPONSIBILITIES OF THE PURCHASING PERSONNEL

The activities executed by the purchasing personnel are central to the success of the purchasing function.

Ritterskamp, et al stipulate the duties and responsibilities of the purchasing officer, assistant purchasing officer and the purchasing clerk as follows :[45)]

5.1.1 Purchasing Officer

The purchasing officer is a senior functionary whose duties and responsibilities are to :

- supervise the purchasing of all materials, supplies, equipment and services requisitioned through the purchasing office in such a manner as to obtain the most suitable quality under satisfactory delivery and price conditions;
- expedite all purchases to ensure that goods and services are received in time to meet the requirements of the institution,
- assist user-departments in standardising materials and supplies and in establishing specifications;

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44. Loc. cit.

- supervise the filing of claims and securing such adjustments as are necessary in the case of an unsatisfactory shipment or the receipt of goods damaged in transit;

- keep in touch with the general and special activities of the institution and its several departments; and

- secure co-operation of user-departments in making tests which are required or desirable in respect of purchases.

5.1.2 Assistant Purchasing Officer

The assistant purchasing officer is second in rank to the purchasing officer. The functions of the assistant purchasing officer is to:

- attend to routine purchases of supplies, materials and repairs as directed by the purchasing officer. This may involve written quotation requests, telephone calls, seeking out suppliers, comparing prices, terms, and delivery and submission of relevant information to the purchasing officer;

- follow up outstanding purchase orders by telephone and letter to expedite the delivery of materials, supplies, and equipment to meet the requirements of the institution;

- maintain catalogue library and commodity reference file;
- supervise the processing of supplier invoices;
- maintain office machine equipment inventory;
- handle distribution and arrange for repair of typewriters and other office appliances;

- distribute and account for petty cash purchases and payments approved by the purchasing officer;

- supervise and assist in the clerical work of the office; and

- assist in the disposal of scrap, surplus and obsolete materials and equipment.

- establish efficient methods and a suitable record system for the purchasing;

- determine when to recommend that large advance purchases may be made or small purchases delayed to take advantage of favourable market conditions;

- determine when lower prices and better deliveries may be obtained through large volume orders representing total requirements of the institution as a whole;

- supervise the disposal of scrap, surplus and obsolete materials and equipment;

- supervise, supply and material inventories and maintain accu= rate material accounting formation, i.e. control central store= room with its related functions of requisitioning, receiving, checking, inspecting, handling, storing, issuing, packing, loading, taking inventory, and maintaining records;

- supervise the maintenance of office-machine equipment inventory;

- search for cheaper and better sources of supply;

- search for cheaper or better substitute materials, supplies and equipment;

- be alert to conditions which might interfere with shipments so that materials may be obtained from another source, or sub= stitutions of materials may be made in time to meet the institutional requirements;

- approve processed invoices promptly;

- interview sales representatives personally and when necessary put them in touch with the user-department;

5.1.3 Purchasing Clerk

The purchasing clerk is normally a junior official whose functions are to :

- process all suppliers invoices received by the purchasing department;
- prepare and process each purchase order after receiving a properly authorised purchase requisition from the purchasing officer;
- process incoming mail;
- process all receiving reports;
- post outgoing mail;
- do the secretarial and clerical work of the purchasing office, including typing of correspondence and filing; and
- answer purchasing office telephones and route calls to the proper person or take messages.

The above description of the duties and responsibilities of purchasing functionaries indicate that they must possess adequate knowledge and training in the field of purchasing in order to efficiently and effectively execute the purchasing function.

In order to qualify as purchasing personnel a diploma in purchasing and stores administration is offered at South African technicons which is considered adequate by the Institute of Purchasing in South Africa.[46)]

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46. Colvin, I and Thorne, B : "Professional Development" in Fearon and Hamilton, Purchasing in South Africa, op.cit., pp. 321-322.

6. METHODS OF PURCHASING

Purchasing of supplies and services can be effected in a number of ways. The method of purchasing depends on the prevailing circum= stances. An urgent purchase may be treated differently from another for which there is ample time for negotiation, confirmation and delivery.

The key to the purchasing function is negotiation which is necessary to ensure that the purchasing of supplies and services are executed as effectively and efficiently as possible.[47)]

The primary goal of a purchasing officer within the university is to negotiate for the specific and general requirements of the institution and to confirm orders with suppliers for goods and services required by the university.[48)] Such negotiations are expected to obtain the best value, in terms of price and quality for a given item.[49)]

The following methods could be used to effect purchases :[50)]

- purchase without negotiation;
- informal quotations; and
- formal quotations or tender system

The purchasing officer has to determine which method is best suited for purchase of the required commodity, depending on the prevailing circumstances.

6.1 PURCHASE WITHOUT NEGOTIATION

Purchase without negotiation are usually executed in the following instances : [51)]

- where a contract for the item required already exists and the purchase order is issued in terms of such conditions and

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47. Ritterskamp, et al op.cit., pp. 62-63.
48. Loc. cit.
49. Loc. cit.
50. Loc. cit.

prices as stipulated on contract - for example, University Purchasing Consortium Contracts :[52)]

- where a previous contract negotiated for the item in question could be used as a basis for the current purchase;

- where the item and value is so small that negotiations for such purchases may prove to be time consuming and costly and hence cannot be justified. A petty cash order may be issued in these instances;

- where the item is available from a sole supplier and the purchase value is small an order could be confirmed. When the item is of an appreciable cost then negotiations with the supplier regarding, inter alia, price, delivery time and back-up service, is imperative before confirmation of a purchase order;

- where orders are placed on the basis of catalogue information; and

- where a purchase may be considered so urgent that it warrants the issue of a purchase order immediately to a responsible and reputable supplier who has had long standing relations with the institution.

An important form of purchasing without negotiation at South African universities is facilitated by the contracts arranged by the South African Universities Purchasing Consortium.[53)] As this body plays a vital role in the purchasing function of the universities studied, a brief resumé of the establishment, control, aims and functions shall be outlined.

The Consortium is responsible to the Committee of the University Principals and was established in January 1979 as a co-operative purchasing body.

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52. See infra., p. 148-151.

53. South African Universities Purchasing Consortium : Handbook, 1985. All information pertaining to the Consortium has been extracted from the Handbook.

The control of the Consortium is vested in a Co-ordinating Committee comprising of:

- a chairman and one additional member appointed by the Committee of University Principals;
- a representative of each participating member (with or without voting rights);
- the Secretary of the Committee of University Principals (ex officio);and
- the Co-ordinator of the Consortium (ex officio).

The day to day operation is vested in the Management Committee, comprising of:

- the Chairman of the Co-ordinating Committee;
- the Secretary of the Committee of University Principals; and
- the Co-ordinator of the Consortium.

The aims of the consortium are listed as:

- a greater negotiating and bargaining power made possible by co-operative purchasing;
- lower acquisition costs are incurred;
- time and effort of individual members are reduced in respect of those items available on Consortium contracts. This allows members more time to concentrate on expensive purchases, such as capital equipment; and
- the interaction of member universities allows for exchange of information and knowledge which saves both time and costly effort if investigations and evaluations were executed on an individual basis.

The user groups have direct participation in decision-making of the institution. This is made possible by a system of five regional committees, namely:

- Northern Transvaal;
- Transvaal/Orange Free State;
- Natal;
- Eastern Cape; and
- Western Cape.

Each committee comprises of the chief purchasing officer and other members of the participating institutions in that region. These committees are responsible for arranging all regional contracts. They also serve as a forum through which contributions could be made regarding the functioning of the Consortium. It is also possible to make recommendations on pertinent matters through the Co-ordinating Committee to the Committee of University Principals.

The Consortium presently has 18 universities as full members and 2 technikons as affiliated members within the country. Provisions are made for other tertiary educational institutions to become affiliated members.

These 20 institutions are categorised as follows into five regions:

Northern Transvaal : University of the North, University of Pretoria, University of South Africa, Vista University, Medunsa and Technikon Pretoria.

Transvaal/Orange Free State : Rand Afrikaans University, University of the Witwatersrand, University of the Orange Free State and Potchefstroom University for Christian Higher Education.

Western Cape : University of Cape Town, University of the Western Cape and University of Stellenbosch.

Eastern Cape : Rhodes University, University of Port Elizabeth and University of Fort Hare.

Natal : University of Natal, University of Durban-Westville, University of Zululand and Technikon Natal.

The primary functions of the institution are summarised as follows:

- the co-ordination of the purchasing of certain commodities by members; and
- the handling of certain matters relating to purchasing, such as monopolistic conditions, duty exemptions and tax rebates on behalf of members.

The Universities of Durban-Westville and Natal and Zululand are members of the Natal region and participate in both regional and national contracts.

Another form of purchasing is executed by obtaining informal quotations.

6.2 INFORMAL QUOTATIONS

In most universities there is a greater tendency to purchase by use of informal quotations.[54)]

This method is often used when time-span is limited and when specifications of the item are not clear, and it is necessary to negotiate informally with several suppliers.[55)]

The need for quotations, either formal or informal is to establish a basis for negotiation and to issue an order once agreement is reached. Once finality has been achieved, a contractual obligation between both parties come into existence.[56)]

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54. This is especially true of the universities of Natal and Zululand.
55. Ritterskamp, et al op.cit., p. 64.
56. Loc. cit.

Ritterskamp, et al emphasises this point as follows:

"In using informal quotations all essential steps in full formal bidding should be followed..... It is important, therefore, that the procurement official negotiate informally in order to cover the complete terms of the contract just as he would if he were engaged in formal bidding on a particular negotiation".(57)

In order to purchase in terms of informal quotations it is necessary to have a pre-selection of suppliers and the list is usually limi= ted to a few prominent vendors who specialise in that specific purchase requirement.

The telephone is the most frequently used instrument in informal negotiations. Often a telegraph or telex machine may be used if time is of the essence and information on purchase items is required urgently. A list of items is provided by the purchasing officer and the supplier checks his stocks and quotes his price accordingly. If the purchase item is of the right quality and price, and delivery is acceptable, the order number may be issued immediately on the telephone and subsequently a purchase order is posted marked 'confirmation of telephone order'.

The important points in the confirmation of telephone orders is to note :[58)]

(i) who placed the order;
(ii) who in the selling institution received and accepted it; and
(iii) the date and time of confirmation.

This measure ensures a correct channel of communication in the event of queries.

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57. Loc. cit.

58. Ibid., p. 65.

There is undoubtedly an element of risk in informal quotations. Ritterskamp, et al observes that

"... the procurement official is risking his judgement at the time the order is placed or to what the proper prices should be and as to whether or not better results could be achieved by formal quotations when the 'rush' element is not so apparent". (59)

A check in this regard is to review records of past purchases of similar commodity.[60]

Ultimately, a purchasing officer should distribute purchases especially for items of a large annual volume to several suppliers in order to ensure that continued interest is shown in his institution.[61]

In many instances, it has been found that suppliers who do not receive any orders do not respond to any requests for quotations.[62] However, it is necessary that there should still exist a communication channel. Suppliers put in a great deal of effort and time in obtaining prices for universities. The buyer should inform them of the results and thank them for the interest shown in the institution. This type of action serves to build a good image of the university.

The greatest possible advantage may be obtained when purchasing by formal quotations or by tender.

6.3 FORMAL QUOTATIONS : THE TENDER SYSTEM

In most universities it is common practice to purchase by formal quotations or by tenders.

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59. Loc.cit.
60. Loc.cit.
61. Loc.cit.
62. Discussion with high-ranking officials at the three universities studied.

UNIVERSITY OF DURBAN LIBRARY

Ritterskamp, et al elaborate on the reasons as follows:

"Formal quotations are used in public institutions where the amount of the purchase exceeds the limit set by law and in private institutions where the purchase is of appreciable cost". (63)

The above is true of universities which formally invite suppliers to tender for items.

6.3.1 Procedures for Formal Quotations

For greater clarification the method of obtaining formal quotations shall be discussed under the following headings:

- specifications;
- selection of suppliers;
- format of tender invitation;
- procedure for receipt and preparation of tender documentation; and
- adjudication of tenders.

6.3.1.1 Specifications

A specification may be defined as:

"... any description of the physical or functional characteristics of the nature of the commodity, service or construction of the item for delivery. It may include a description of any require= ment for inspecting, testing or preparing a commodity, service or construction item for delivery". (64)

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63. Ritterskamp, et al op.cit., p.65.

64. University of Florida : Purchasing Manual : Handbook on Business Procedure, Chapter VIII, Florida, 1984, pp.8500-4.

Specifications must be written out clearly, free from ambiguity and confusion. In some cases standard specifications could be used and kept on file permanently with the necessary changes being effected when new developments are made in the field. Such specifications can be used repeatedly.[65]

No specifications should be 'tailored' for just one supplier, as this defeats the purpose of this system of purchasing. When using a specific brand name,it is important to quote the notation 'or equal' as a protective measure to ensure that items of similar quality could be evaluated for purchase.[66]

Samples, blue prints and minimum performance standard are forms of descriptive methods used as a basis for specifications.[67]

Specifications should clearly indicate the quantity required and whether items should be quoted per each or price lot. Cognisance must be taken of the fact at times a greater quantity could improve the price.[68] In these cases the purchasing office should pool the requests of the various departments and invite a single tender for the item.[69] For example, the purchase of personal computers and software are commodities from which benefits accure if purchased in large volumes.[70]

Where the purchasing officer is in doubt or expert advice is sought, he should elicit the help of the personnel from the requisitioning department in the framing and writing up of tender specifications.[71] Under certain circumstances, he may authorise a requisitioning department to prepare its own specification subject to his approval.[72]

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65. Ritterskamp, et al op.cit., p.66.

66. Discussion with the Deputy Director (Purchases, Stores and Budget Control) at the University of Durban-Westville, on Wednesday, 3 September 1986.

67. Ritterskamp, et al op.cit., p.66.

68. Discussion with the Deputy Director (Purchases, Stores and Budget Control) at the University of Durban-Westville, on Wednesday, 3 September 1986.

69. Ibid.,

70. Ibid.,

71. University of Florida, op.cit., pp. 8500-05.

72. Loc.cit.

Of particular importance is that all specifications must be checked and approved by the purchasing office prior to invitation of the tender. Primarily all specification shall seek to promote over= all economy for the purpose intended, encourage competitiveness in satisfying the university's need and shall not be unduly restrictive.[73)]

6.3.1.2 Format of tender invitation forms[74)]

The format of tender invitation form should be simple and easily understood. It must reflect standard clauses in respect of, inter alia, discounts, transportation costs, customs and excise duties, delivery basis, guarantees and effects of fluctuation in rates of exchange.

The use of escalation clauses should not be encouraged, but if considered a necessity should be carefully worded and clearly set forth.

Clauses pertaining to infringement of patents and other legal aspects should be adequately covered in the tender document clearly specifying the onus of liability.

The tender invitation form must specify boldly whether prices are firm and for what durations prices are valid.

Once the tender specifications and the invitation documents have been processed it is necessary to determine to which suppliers the tender invitations should be posted.

6.3.1.3 Selection of Suppliers [75)]

The selection of suppliers to bid is important to ensure that sufficient coverage is obtained for the items out on tender.

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73. Loc. cit.
74. Ritterskamp, et al op.cit., p. 66.
75. Loc. cit.

Many universities have over the years established a qualified tenderer's list, which stipulates the name, address and the types of commodity that suppliers tender quote for.

It is often necessary, especially in the event of new suppliers, to obtain information about their financial standing and their production capacity to ensure realibility and compliance in the event that an item is awarded to the supplier.

Some public institutions believe that the tender document should go out to all suppliers who specialise in the field, yet others believe in a pre-selection of suppliers.

If the tender specifications are for a high value item, it may be necessary to obtain an even greater market by advertising it in local and national newspapers.

Once the selection of suppliers is complete the tenders are posted to them for quotations.

6.3.1.4 Receipt and Preparation of Tender Documents[76)]

After a specified period of time, the tenders are opened and the names and prices of tenderers are scheduled for analysis and adjudication.

At some universities it is common practice to allow suppliers at the opening of the tender quotations. This serves a twofold function, one, it assures the suppliers that the methods and procedures are authentic and the other is that it serves to inform them of the competitiveness of the market. These aspects could only benefit the university.

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76. This is the practice at the University of Durban-Westville, see infra., p. 179.

6.3.1.5 Adjudication of the Tenders [77]

The adjudication of a tender requires specific knowledge, skills and behaviourial attitudes. A purchasing officer, for example, must understand the specifications, the minimum requirements as well as the quotations submitted by the suppliers to make a sound evaluation.

Ritterskamp, et al state in this regard as follows:

"The problems connected with awarding the contract should not be lightly passed over. The procurement official must be sure of his ground, sure of his specifications and compliance with them by bidders. He must be convinced that the successful bidder will successfully fulfil the contract. Occasionally bidders are disqualified for cause. It may be discovered that they are seeking unethically to gain business by underhand methods or by 'sharp practices'. A bidder may be found to be in financial difficulty after requests for quotations are sent out. Occasionally a bidder will wish to withdraw from bidding before the award is made. These problems must be handled with proper judgement to protect the interests of the institution and to protect the standing of the purchasing department with all suppliers".(78)

When tie-bids are received the purchasing officer must satisfy himself that there has been no collision and if satisfied may award the order on a rotational basis.

When a low bid, which is far lower than that of other tenderers is received, the purchasing officer must query such prices to ensure that the supplier has not made a serious mistake in his pricing.[79]

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77. Ritterskamp, et al op.cit., pp. 67-68.

78. Loc. cit.

79. In this regard the purchasing officer must exercise extreme caution so that he does not unduly jeopardise substantial savings for his institution, especially if the supplier is completely satisfied with the price tendered - vide Ritterskamp, et al op.cit., p. 68.

Such errors, if passed unchecked, may be the cause of long drawn out deliberations and wranglings as to supply, price and delivery. It is, therefore, essential that such aspects are clarified in the early stages of the tender adjudication process.

Occasionally, if the bids or tenders received are too high, the purchasing officer may reject them all and re-invite tenders.

If a supplier wishes to change his price before the closing date he may be allowed to do so. But if this has to be allowed after the closing date then such an opportunity should be allowed to other tenderers as well.

Once the adjudication has been finalised, the successful tenderer is notified by means of a purchase order. All unsuccessful tenderers should be notified as well and should be thanked for their interest and time. This ensures a continuing relationship between both parties.

Once the orders have been issued the tender documents should be filed in numerical order for control and audit purposes.

7. PURCHASING PROCEDURES

Before highlighting the procedures the use of purchasing forms in the purchasing function must be stressed.

7.1 PURCHASING FORMS

Forms are important tools without which any task is made difficult. The forms that are used should facilitate an activity rather than create confusion and 'red tape'.[80]

The number of forms which are required to carry out the purchsing function depends on several factors, inter alia, the size of the institution, the purchasing system employed, and the accounting and internal control methods used in the institution.[81]

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80. Westing, et al op.cit., pp.56-57.

81. Loc.cit.

Westing, et al stresses that regardless of the number of forms used it is important that the forms comply with principles of good design.[82] These principles should:

- facilitate entering of required data;
- impress the users as being a significant form;
- enable users to easily extract data from it;
- minimise the possibility of errors in entry or use of data; and
- be economical to reproduce.[83]

Primarily two important forms are used in the purchasing function at universities, these are:[84]

- the purchasing order; and
- the requisition.

7.1.1 Purchasing Order

The culmination of the purchasing function is the issue of the purchase order to a supplier.

Ritterskamp, et al emphasises its importance as follows:

"The preparation of the purchase order on the basis of either informal negotiations or formal quotations represents consumation of a contract by accepting legally the offer made by the successful bidder". (85)

The purchase order is the official university document which formalises a purchase transaction with a supplier.[86]

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82. Loc. cit.
83. Loc.cit.
84. This became apparent during the course of the investigations undertaken at the three universities.
85. Ritterskamp, et al op.cit., p.68.
86. University of Florida, op.cit., pp.8400-05.

It provides the following pertinent information :[87]

(i) name and address of institution;
(ii) supplier's name and address;
(iii) serial number;
(iv) terms and conditions of purchase;
(v) shipping and delivery instructions;
(vi) quantity, description of item and price; and
(vii) authorisation by relevant signatories in the university.

The number of copies of the purchasing order may differ from institution to institution. On average, there should be five copies which are distributed as follows:[88]

- original to the supplier;
- copy to be retained in the purchasing office for further attention such as follow-up;
- copy to stores (inventory section) for delivery and acceptance;
- copy to the requisitioning department to inform the head of department that the order has been placed and it serves as a check against the requisition; and
- copy for payment and accounting purposes.

7.1.2 Requisition

An officer in the user-department indicates the need for a specific item or service on a requisition.[89] Hodges is of the view that the 'requisition' is the expression of the need of a department.[90]

Basically two [91] types of requisitions are used :

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87. Loc. cit.

88. Discussion with high-ranking officials at the three universities studied.

89. Heinritz, S F and Farrell, P V : Purchasing : Principles and Applications, Sixth Edition, Prentice-Hall Inc., Englewood Cliffs, 1981, p. 43.

90. Hodges, H G : Procurement : The Modern Science of Purchasing, Henry and Brothers Publishers, New York, 1961, p. 264.

91. A third type of requisition frequently used in industries is called a 'travelling requisition', which is forwarded to the purchasing office to buy items of a repetitive nature to replenish stocks, Heinritz and Farrell, op.cit., p. 43.

- the stores (inventory) requisition, and
- the purchase requisition

The stores (or inventory) requisition is used to obtain items generally kept in stock in the central stores (or inventory) section.[92)]

The purchase requisition is forwarded to the purchasing office to buy specific goods or services for the requisitioning department.[93)]

The requisition form provides for the following information:[94)]

(i) serial number;
(ii) name of originating department;
(iii) budget item - allocation code on estimates;
(iv) quantity and description of goods and services; and
(v) authorised signatories, normally the head of the requisitioning department or a person delegated with such powers.

These forms play an important role in the purchasing proceudre which entails the manner in which a purchase transaction is executed from its inception to its conclusion.[95)]

Although the purchasing procedures may differ from institution to institution, depending on the size and system used in such insti= tutions, however, the following basic steps are considered essential :[96)]

- recognition, description and transmission of need;
- selection of possible sources of supply;
- determination of price and availability;
- follow-up and expediting of the order;

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92. Loc. cit.
93. Loc. cit.
94. Information obtained from purchasing requisition forms used at the three universities.
95. Refer to Annexure 6 which indicates simple purchasing transaction.
96. Westing, et al op.cit., p. 48.

- receipt and inspection;
- checking the invoice;
- processing discrepancies and rejection;
- close completed orders; and
- maintenance of records and files.

The above aspects are often referred to as the purchasing cycle.

7.2 RECOGNITION, DESCRIPTION AND TRANSMISSION OF NEED[97)]

The recognition of a need generally originates in a user-department. The department describes the need for a specific item or service on a purchase requisition and forwards it to the purchasing office for fulfilment.

Westing, et al emphasise the need to provide complete and accurate information on the requisition in a manner that can be readily checked and verified.

The purchasing officer on receiving the requisition must thoroughly check it on the basis of his own knowledge and skills, records of past transactions, and supplier catalogues. If requisitions are incomplete, doubtful or questionable, he should refer it back to the user-department. An incorrect decision made in these instances may prove to be costly to the institution and as such no chances should be taken.

A stores (or inventory) requisition may be forwarded by the user department to the central stores (or inventory) of the item is held in stock.

It is important for control purposes that all requisitions are signed by authorised persons within the user-department as well as by personnel in the Purchasing Office and the Inventory Section.

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97. Ibid., pp. 49-50.

7.3 SELECTION OF POSSIBLE SOURCES OF SUPPLY[98)]

The selection of possible sources of supply means ascertaining the sources from which an item or service could be purchased. Once this is done, the buyer has to narrow down the list to a potentially few suppliers from whom he would obtain prices. At this stage the buyer consults various sources of information : reviews his records of supplier performances, personally visit suppliers, speak to sales representatives and checks with purchasing officers at other institutions.

7.4 DETERMINATION OF PRICE AND AVAILABILITY[99)]

The determination of price and availability involves securing the price and delivery times for the items to be purchased. Several methods could be used in this process namely :

- price lists and catalogues could be used for items of general or standard nature;
- negotiation with suppliers for the best possible price without sacrificing other important aspects such as quality, delivery time and back-up service;
- by invitation of formal bids or tenders from a number of possible suppliers; and
- the bids are opened after a specified period of time, analysed and awarded when the purchase order is issued to the successful bidder.

7.5 PLACING THE ORDER [100)]

Once the method of purchase has been determined and the supplier has been chosen the purchase order is issued to the supplier.

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98. Ibid., pp. 50-51.
99. Ibid., pp. 51-52.
100. Ibid., p. 52.

This order may be manually made out or issued by computer.[101] Before the issue of the purchase order all purchase requisitions must be authorised by the purchasing officer or his designate delegated with such powers.[102] In some institutions both the purchase requisition order formally authorised.[103] Once the order is issued to the successful supplier, a copy of the purchase requisition is endorsed with all the relevant particulars of purchase and is forwarded to the user-department which originated the request. In the event of a number of copies, a purchase order would be posted to the department. It acts as a control and verification document in this regard.

7.6 FOLLOW-UP AND EXPEDITING OF ORDER[104]

There are many methods which could be used in the follow-up and expediting of the order. The basic elements of this procedure are :[105]

- secure an acceptance and promise of delivery;
- review outstanding orders at regular intervals; and
- communicate with suppliers as required.

Frequency of follow-up will also be dependent on the history of the supplier's reliability and the need of the item by the purchasing office.

However, if follow-up is made too frequently it may harm relations with the supplier who may not respond to possible future purchases of the institution.

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101. "As more purchasing departments operations become computerised, the number of copies of the purchase order may be eliminated. Departments authorised to have access to information on an order can obtain it by means of readouts on the CRT (cathode ray tube- terminal) that are part of a computerised system... It is important to realise, however, that the computerised system incorporates the same basic styles involved in a manual system". - vide Heinreitz and Farrell, op.cit., p. 47.

102. Information obtained from high ranking officials at the three universities studied.

103. Ibid.,

104. Westing, et al op.cit., p. 53.

If the supplier has an unreliable record of delivery the purchasing office should insist on receiving regular notification advising the status of incomplete orders. This serves as a check and assists in ensuring that deliveries are made timeously.

7.7 RECEIPT AND INSPECTION [106]

Heinritz and Farrell, clearly relate the concept of receiving as follows :

"The receiving department is usually an adjunct of the stores (inventory) department, which may or may not be a part of the purchasing department. Its functions are to receive in= coming goods, signing the delivery notice presented by the carrier or the supplier in connection with the shipment; to identify and record all incoming materials; to report their receipt to the purchasing department and to the (inventory section) stores, using or inspection departments as required; and to make prompt disposition of goods to the appropriate department".(107)

The inspection of the goods is carried out by the clerks from the inspection department which performs a technical evaluation on a sample or the entire consignment. If the item fails to meet the required specifications a report is complied stating the reasons for non-acceptance.

The receiving function at universities is generally carried out by the inventory section.[108] As not all materials require formal inspection for quality a large proportion of deliveries require simple visual inspection.[109] Where items of a highly technical nature are purchased these are inspected by the personnel from the requisitioning department for acceptance.[110]

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106. Lee, L and Dobler, D W : Purchasing and Materials Managemnet : Text and Cases, Third Edition, McGraw-Hill Book Company, New York, 1977, pp. 421 - 422.

107. Heinritz and Farrell, op.cit., p. 49.

108. See infra., p. 211.

109. Heinritz and Farrell, op.cit., p. 50.

110. Loc. cit.

7.8 CHECKING THE INVOICES

Westing, et al aptly explain that :

"Invoice checking consists of verifying the data on the seller's invoice against the buyer's records. The seller's invoice must be compared with the original order and the receiving slip that is made out when materials are received". (111)

Invoices, once received, should be processed promptly so that the order may be cleared and payment made within the discount period, or in the case of any discrepancies, adjustments could be made without undue delay.[112] Invoices should be requested for in duplicate so that one copy is forwarded to the accounts section whilst the other is sent to the purchasing office. This section process them simultaneously and are later correlated in the accounts payable division.[113]

7.9 PROCESSING DISCREPANCIES AND REJECTIONS[114]

If discrepancies are found the purchasing officer who made out the order is informed so that immediate and appropriate action is instituted. In the event of an invoice error the invoice is returned to the supplier for correction. If discount is applicable the invoice date is changed to the date on which the corrected invoice is received with the approval of the supplier.

If the goods are rejected the purchasing officer must ensure that the necessary authorisation is received from the supplier for return and replacement.

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111. Westing, et al op.cit., p. 50.
112. Heinritz and Farrell, op.cit., p. 50.
113. Loc. cit.
114. Westing, et al op.cit., pp. 53-54.

7.10 CLOSING COMPLETE ORDERS [115]

This process entails checking that the order is completed in accordance with the terms and conditions on the basis of which the order was placed. All supporting documents, such as, inter alia, delivery notes, invoices receiving department's advice and authorisation of acceptance, must be on hand to substantiate completion of the order.

This aspect concludes the purchasing cycle. The records maintained in the purchasing office are briefly explained.

7.11 MAINTENANCE OF RECORDS AND FILES

Lee and Dobler emphasise the maintenance of records and files as follows :

"The files of a purchasing department contain an endless flow of operating data. Despite its huge volume, much of this information can be useless in daily operations unless it is organised in a manner which makes it readily accessible".(117)

The following are identified as the basic records necessary for effective and efficient operation of the purchasing function:[118]

(i) file of open orders;
(ii) file of closed orders;
(iii) purchase log;
(iv) commodity record;
(v) supplier record; and
(vi) contract record.

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115. Lee and Dobler, op.cit., pp. 431-432.
116. Ibid., pp. 423-426.
117. Ibid., p. 423.
118. Loc. cit.

7.11.1 File of open orders

The file of open orders is the record of all outstanding orders and because of need for frequent reference it is normally filed in alphabetical sequence.

7.11.2 File of closed orders

The file of closed orders provides a historical record of all purchase transactions and serves as a useful reference when such information are required to guide future purchase decisions.

7.11.3 Purchase log

The purchase log is a simple numerical record of all purchase orders that the purchasing office issues. It generally contains the date, order number issued, the user-department, name of supplier, type of item, value of order and budget allocation. It serves as a useful information record in the event of quick references to orders placed as well as a statistical guide to the volume of orders placed by the purchasing office.

7.11.4 Commodity reocrd

The commodity record is maintained for each major item and service that is purchased on a regular basis. The card re= flects full description of the item, including approved suppliers lists and price schedules.

7.11.5 Vendor record

Generally, the record of suppliers is centralised for constant and easy reference. It contains information on the suppliers, names, addresses, telephone numbers and the names of personnel who could be contacted on specific areas of inquiry.

7.11.6 Contract record

The contract record reflects the various contracts arranged for specified periods of time for specific goods and services. This may be in the form of maintenance contracts, regional and national purchasing contracts and state buying contracts.[119)]

The universities of Durban-Westville, Natal and Zululand participate in the Universities Purchasing Consortium - contracts, which are arranged on a regional and national basis for all participating universities and technikons.[120)]

Control is essential to ensure that procedures are effective.

8. CONTROL

Control is exercised both internally and externally. Internal control is maintained by, inter alia, organisational arrangements the adherence to methods and procedures as well as by checks executed by internal auditors. External control is executed by the auditors who do a sample audit on an annual basis and submit a report of their findings to the authorities concerned.

9. SUMMARY

The objective of the purchasing function is to enable continuity of the university's activities by ensuring a steady supply of goods and services to all user-departments within the institution. It seeks to obtain the maximum utilisation of funds appropriated for such purposes with the intention of providing quality items within reasonable costs.

Financing is essential to execute the purchasing activity.

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119. Information obtained from high-ranking officials at the three universities studied.

120. See supra., p. 148.

The purchasing function may be performed within different organisational structures, such as centralised, decentralised or a combination of both.

The personnel who execute the purchasing function require to possess the necessary knowledge, skills and behavioural attitudes to ensure efficiency and effectiveness of the activity.

The determination of methods and procedures are essential to ensure the achievement of the purchasing objectives. There are different methods and procedures which may be used. The choice in this respect depends on many factors, such as, inter alia, the buying power of the institution, its size and needs.

The control function is important as it determines whether objectives are being achieved and to what extent corrective measures are necessary.

In the next chapter the purchasing functions at the three universities studies shall be discussed.

CHAPTER VIII

THE PURCHASING FUNCTION AT THE UNIVERSITIES OF DURBAN-WESTVILLE NATAL AND ZULULAND AND THE NORMATIVE FACTORS OF PUBLIC ADMINISTRATION IN STORES FINANCIAL ADMINISTRATION

1. INTRODUCTION

In the preceding chapter the importance of the purchasing function was highlighted as a crucial activity which was essential for the goal achievement of an institution.

In this chapter the purchasing function shall be viewed within the context of the following :

- universities of Durban-Westville, Natal and Zululand;
- a comparison of the operational aspects of the purchasing function at the universities of Durban-Westville, Natal and Zululand; and
- the adherence to normative factors of public administration in stores financial administration.

2. THE PURCHASING FUNCTION AT THE UNIVERSITIES OF DURBAN-WESTVILLE, NATAL AND ZULULAND

It has been accepted that the purchasing function is essential to provide the necessary goods and services for the continuity of an institution's activities and for the purposes of goal achievement.

In the discussions which follow, the purchasing function at the three universities shall be discussed.

2.1 THE UNIVERSITY OF DURBAN-WESTVILLE[1)]

The University Council in terms of the University of Durban-Westville Act, 1983 (Act No. 81 of 1983) is the supreme policy-making body[2)] of the University.

The Council is responsible for attaining the goals of the University. Consequently, the purchasing function is considered an important activity which contributes to the achievement of such goals.

The University, therefore, may acquire stores and equipment in such a manner and on such conditions as the Council may determine.[3)]

The purchasing function at this University is presently executed in terms of the "Rules Governing the Purchase and Control of Stores and Equipment" which specifies the following requirements:

"All purchases shall be in conformity with the provisions contained in these rules and those issued by the Council from time to time".

Purchases shall at all times be limited to essential requirements and conducted in the most economical manner.

Before the Finance Committee of Council authorises purchases not provided for in the budget it shall satisfy itself regarding the need for the supplies, the justification for the expenditure, and the proper control of commitments, with special regard to the limitations placed upon the provision for expenditure and the utilisation of anticipated savings.

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1. Most of the information on the purchasing function has been obtained from discussions held with the Deputy Director (Purchases, Stores and Budget Control) of the University of Durban-Westville and Rules Governing the Purchase and Control of Stores and Equipment at the University of Durban-Westville.
2. See supra., p.27.
3. This fact established and initiated the purchasing and inventory functions at the University of Durban-Westville in terms of Section 3, Sub-section 4(a) of the University of Durban-Westville Act, 1969 (Act 49 of 1969) which was repealed and replaced by the University of Durban-Westville Act, 1973 (Act 81 of 1983).

Purchases shall only be effected by making use of the approved order forms". (4)

The purchasing system implemented is a combination of both the central and decentralised methods. The Purchasing Office co-ordinates all purchases by way of :

- checking budgets to ensure that funds are available and the items are on the approved estimates;
- directing that purchases be made in accordance with contracts arranged either regionally or nationally through the University Purchasing Consortium or from the Inventory Section, for example, stationery items;
- advising user-departments on source of supplies;
- receiving and checking specifications for the invitation of formal quotations or tender;
- authorising and issuing of purchase orders on verifying purchase requisitions; and
- follow-up and expediting of purchase orders placed by the purchasing office.

The user-departments, generally the larger academic departments in the faculties of science, health science, education and engineering have a laboratory assistant who is responsible for co-ordinating and executing the purchasing function within the department. Such an officer reports to the head of the department who must accept ultimate responsibility for the purchasing function of the department.

The laboratory assistant cum purchasing clerk is responsible for making inquiries for specific goods and services:

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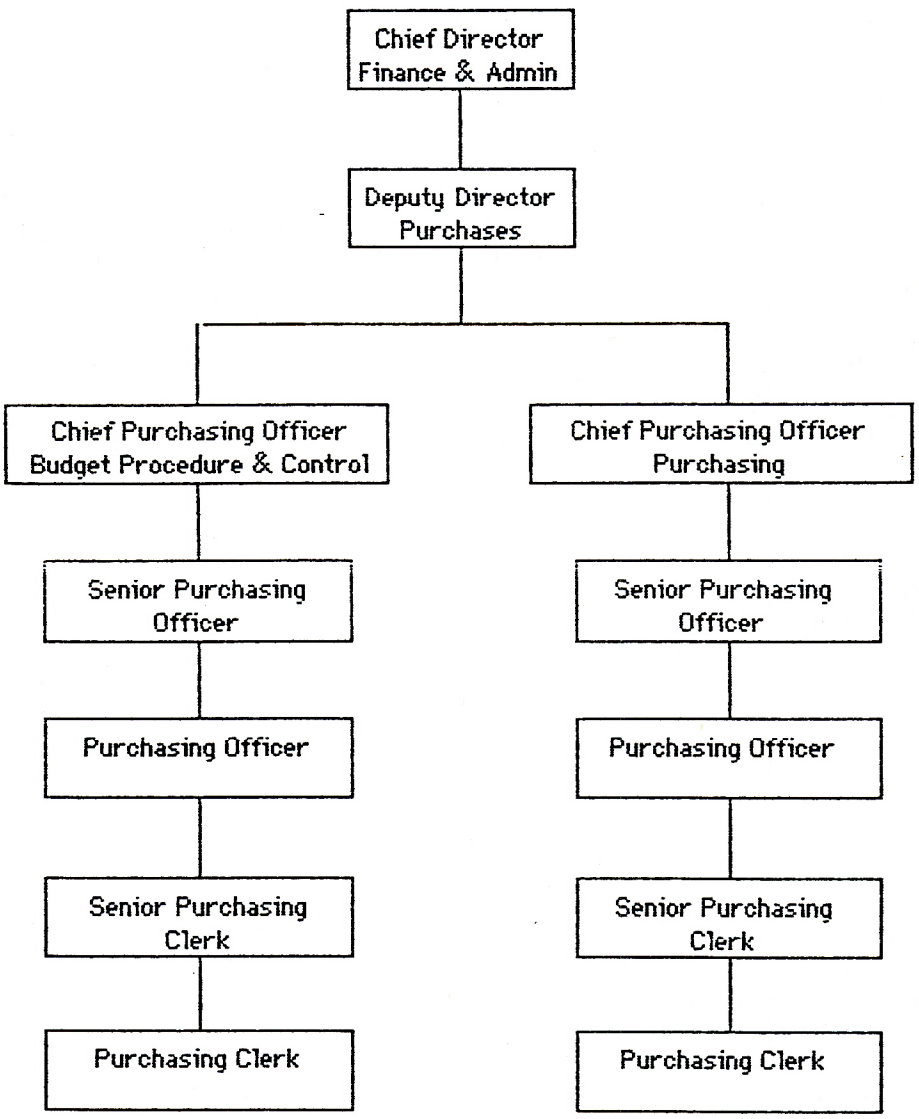
4. University of Durban-Westville, Rules Governing the Purchase and Control of Stores and Equipment, op.cit., p. 6.

- writing out the purchase requisition;
- having it authorised by the head of department and the purchasing office;
- ensuring that the purchase order is posted or delivered to supplier;
- following-up outstanding orders;
- checking goods when received; and
- obtaining head of department's signature for receiving and paying.

Research units within the University also process their purchase requirements through the Central Purchasing Office in the same manner as academic departments.

The organisational arrangements of the Purchasing Office is reflected in Figure 8.

FIGURE 8
THE ORGANISATIONAL ARRANGEMENTS OF THE PURCHASING OFFICE AT THE UNIVERSITY OF DURBAN-WESTVILLE



The Deputy Director[5] is responsible for the purchasing function and is accountable to the Chief Director, Administrative. The other staff in the Purchasing Office are chief purchasing officers and senior purchasing officers who are responsible for the co-ordination and control of the purchasing function within the University. These personnel are assisted by lower level functionaries, such as senior purchasing clerks and purchasing clerks.

The University of Durban-Westville subscribes to the following purchasing methods :[6]

- purchases without negotiation;
- informal quotations; and
- formal quotations.

The purchases without negotiation method relates more to contract orders placed in terms of national and regional contracts arranged under the auspices of the Universities Purchasing Consortium. A file is maintained of all such contracts. The requisitioning departments are informed of the range and type of items available on these contracts. If an order requisition is received for an item available on these contracts the item supplier, prices and delivery are verified by the purchasing office before the actual order is processed.

Other such purchase orders placed without negotiation are for maintenance of equipment, such as computers, air-conditioning units and book detection systems. Petty cash purchases are also allowed for small urgent consumables[7] up to a value of R25,00 per requisition.

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5. The rank of Deputy Director is a position similar to the purchasing or buying agent in American Universities, see supra., p. 143.

6. See supra., p. 147.

7. 'Consumables' are items such as inter alia, chemicals, glassware and perishable stuff which are generally used in laboratory practicals - vide The Deputy Director (Purchases), University of Durban-Westville.

Some departments which need to procure consumables on an ongoing urgent basis are given petty cash floats of R100,00. For example, the Department of Home Economics, requires to purchase perishable items and groceries for its practical classes and the Engineering Faculty urgently wishes to acquire small electric components for student and departmental research projects. Such requisitions must however, still be authorised by the Purchasing Office. These accounts are audited by internal audit staff on a weekly and "spot check" basis.

A major part of the purchasing function is executed in terms of informal quotations. The following control is exercised in this regard:

(i) for purchases of an item up to R50,00 in value, no quotations are necessary;

(ii) for purchase of an item up to R200,00 in value three telephonic quotations are required;

(iii) for purchase of an item up to R1 000 in value, three written quotations are necessary; and

(iv) for the purchase of an item in excess of R1 000,00, formal bids or tenders must be invited.

The majority of orders are placed on the basis of telephonic negotiations. This applies especially to academic departments which require consumables on a regular basis for formal instruction and research.

Informal quotations are also invited for direct overseas purchases. If items are unavailable locally then pro-forma invoices are re=quested from overseas suppliers, with the intention to purchase direct. All direct imports upto the value of R1 000 per item is approved by the Deputy Director,whilst the value of any import item in excess of this amount is approved by the Director or Chief Director (Finance and Administrative Affairs).

The value of overseas importation has been increasing gradually since the University attained autonomy status on 1 April 1984. The reason for this trend is that definite savings have been made by purchasing direct from the overseas principals. The present expenditure on overseas purchasing, excluding library books, is R75 000 per annum.

Once the pro-forma invoice is received the purchase requisition is processed in a similar manner as a normal purchase.

The University also prescribes the invitation of formal bids or tenders. The Rules Governing the Purchase and Control of Stores and Equipment, reads in this connection:

"Unless otherwise directed in these rules, tenders shall be invited for the purchase of stores and equipment..." (8)

The waiver of tenders are only applicable in the following instances:[9]

- for purchases from the Committee of University Principals Purchasing Consortium; and
- for all direct imports.

An average of seventy-five tenders are invited annually by the Purchasing Office.

The procedure for the invitation of tenders, receipt, preparation and adjudication are clearly set out in the Rules Governing the Purchase and Control of Stores and Equipment.

Tender specifications for highly technical items are developed by the requisitioning department and sent to the Deputy Director (Purchases) for approval and invitation. All tender specifications

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8. Rules Governing the Purchase and Control of Stores and Equipment, op.cit., p.3.

9. Loc.cit.

must be specifically directed to the Purchasing Office for the Deputy Director's approval before invitations are formally sent out. This measure safeguards against tenders being invited for items available in stock in the Inventory Section or which may be available on Consortium contracts. It also acts as a check against specifications which are "tailor-made" for a specific supplier.

Once approval is received from the Deputy Director, tender specifications are printed, attached to tender invitation forms[10] and posted.

The procedure for invitation of tenders is basically that, every tender should be given a specific number and must close on a given date after a specified period of time has expired.

As a rule tenders are given a minumum of 21 days before closing date. In the case of a large number of items or items of a technical nature or high financial value, the University permits a period of 35 days before the tenders are closed, thereby allowing the tenderers sufficient time to complete their quotations. On request, under exceptional circumstances, tenderers may be allowed an extension of time.

All tenders are received either by post or by hand, date-stamped and deposited in a tender box centrally situated and easily accessible. It is important to ensure that all tenders are date-stamped immediately on receipt and the time together with the receiving officer's signature should be clearly reflected. This would ensure that no late tenders are received after the closing date. All such documents are retained in the event of a query. In the case of a late tender being received, this may be accepted if no other quote for the items were received or if it was posted in good time but delayed through postal difficulties.

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10. See Annexure 7.

On the closing date, or as soon as possible thereafter, the tenders are collected from the tender box by at least two persons. The name of all suppliers are entered on the comparative tender schedule and the prices, delivery basis and alternative offers are reflected.

Once the tenders have been scheduled it is passed onto the head of the requisitioning department for analysis and recommendation. Thereafter, it is passed onto the tender panel for concurrence and approval. The tender panel comprises the Rector, Chief Director (Administrative) or a Deputy Director together with two Chief Clerks (Purchasing/Accounting Officers) who are res= ponsible for the acceptance of the tenders. If the value of the item exceeds R20 000, it must be approved by either the Rector or the Chief Director (Administrative).

Once an approval of a tender is received, the tender file, consisting of the schedules and quotations are forwarded to the head of the requisitioning department for completion of order requisitions[11)] so that purchases could be made.

The order requisition forms are thoroughly checked against the tender quotations by the Purchasing Officer and if satisfied are processed for the issue of a purchase order.

Once the enquiries have been made and the head of department is satisfied with the price and quality offered, an order requisi= tion, comprising of three copies is completed.

The authority of purchasing personnel to approve "order requisitions", per item, is limited to the following specified values:

- the Deputy Director (Purchases) in excess of R20 000
- the Chief Purchasing Officer up to R15 000
- the Senior Purchasing Officer up to R5 000

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11. See Annexure 8.

This arrangement serves as a measure of control. The more expensive the item, the greater the financial commitment of the University, hence a correspondingly ranked purchasing officer is expected to approve such purchasing requisitions. Every'order requisition' must be authorised by the head of department. The third copy is retained by the head of department for record purposes whilst the other two are forwarded to the Purchasing Office.

When the 'order requisition' is received by the purchasing officer it is checked for accuracy of description, availability of funds and whether the item is being purchased from an approved source. Once satisfied the purchase requisition is authorised.

If an equipment is being purchased the 'order requisition' is forwarded to the Inventory Section, which is responsible for the inventory control function, for coding as an asset.[12)]

As soon as this is completed, the 'order requisition' is directed to the Purchasing Office where the information is computed for the issue of a 'computer order'[13)] in triplicate, within twenty-four hours.[14)]

If the item is urgently required, the purchase order number is given to the department which may confirm the order with the supplier for delivery.

The 'order requisition' and the computer 'purchase order' are in triplicate and are distributed as follows:

- original computer 'purchase order' goes to the supplier;
- the original 'order requisition' and second copy of the 'purchase order' are forwarded to the receiving section for the 'awaiting delivery file';

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12. See infra., p. 222.
13. See Annexure 9.
14. The purchasing function is fully computerised at the University. See Annexure 10 for an integrated computer system.

- the second copy of the 'order requisition' and the third copy of the 'purchase order' are forwarded to the requi= sitioning department. This procedure serves as a check and control measure so that departmental personnel could verify what was actually ordered; and
- the third copy of the 'purchase requisition' is retained by the head of department before the purchase is initiated as a departmental record of requisitions.

Most items of a specialised technical nature are delivered direct to the requisitioning departments. The technical assistants in the departments in turn check deliveries for quantity, condition, as well as authenticity of items. If these aspects conform, the delivery note is signed and forwarded to the receiving officers in the Inventory Section.

The officers at the Inventory Section completes the 'goods received note'[15], indicating the department, purchase order number, delivery note or invoice number and the quantity of the items delivered. The head of department, or an authorised representative, must approve the document. This document is completed in triplicate and the third copy is retained by the head of department as a record of goods received. The other two copies are returned to the Inventory Section where it is computed, attached to the 'purchase order' and delivery note, or invoice, and forwarded to the Creditors Section for payment.

The Creditors Section ensures that all 'purchase' orders passed to it by the Inventory Section are subsequently certified by the Purchasing Office to the effect that the order has been satisfac= torily completed and that the supplier should be paid. The purchasing function at Natal University is discussed next.

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15. See Annexure 24.

2.2 UNIVERSITY OF NATAL[16)]

The purchasing policy and directives are issued by the Finance Officer. No procedure manuals have been formulated. However, circulars[17)] are issued in respect of various aspects of operation and control relating to the purchasing and financing functions.

The main purchasing policy as contained in the University's Stores and Buying Catalogue states :

"The University stores (inventory) and buying office acts as a service to the university community in obtaining its requirements. The buyers' efforts are directed to acquiring the highest quality goods from the cheapest source. Consi= derable expertise has been built up in this regard, and departments are encouraged to make use of this expertise".(18)

The University of Natal uses a combination of centralised and decentralised purchasing systems. However, decentralisation of the purchasing function is more emphasised with user-departments exercising a greater autonomy in the buying process.

The Purchasing Office is responsible for the co-ordination of all purchases by, inter alia :

- issuing 'purchase order' numbers;
- checking the availability of funds;
- receiving and checking 'purchase orders' from departments;
- authorising 'purchase orders' for payment;
- directing purchase of items available on Consortium contracts and from the Inventory Section, e.g. maintenance and stationery items; and
- advising user-departments on the source of supplies.

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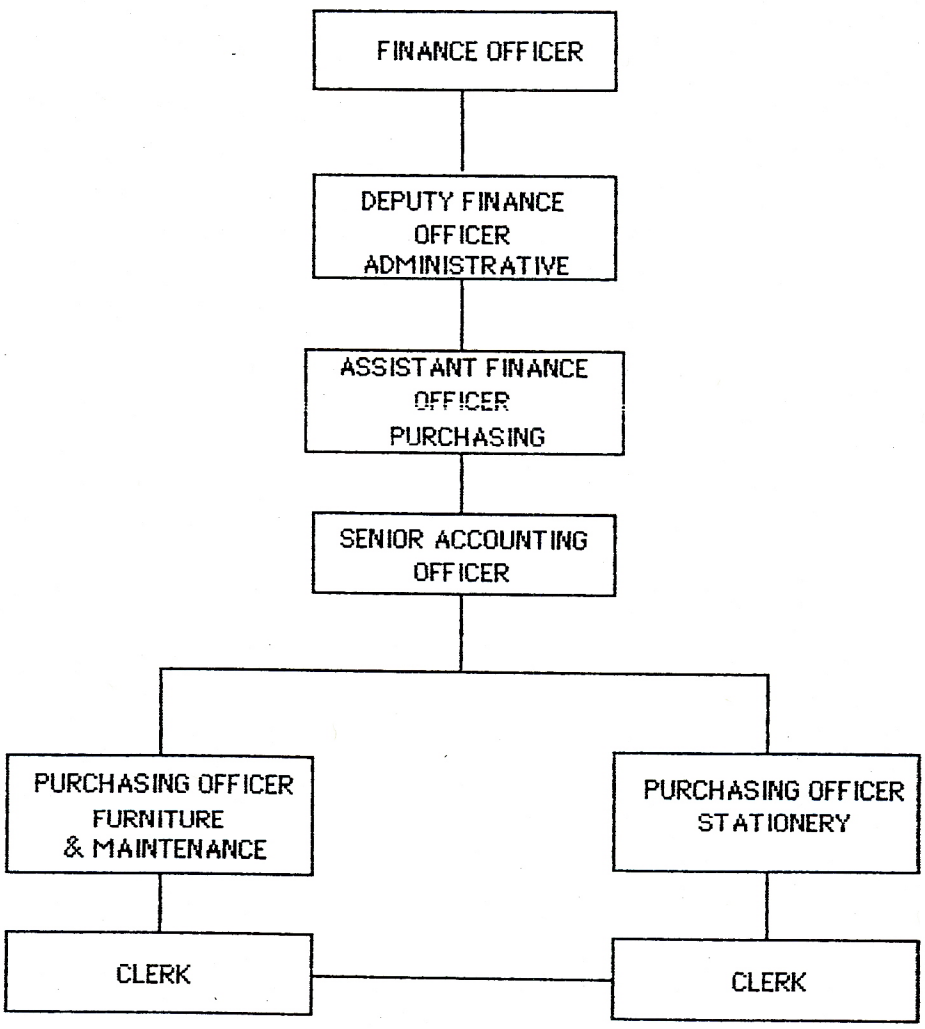
16. Information on this aspect has been obtained from Mr N Jonker and other high-ranking officers at the University of Natal.
17. See Annexure 11.
18. University of Natal : Stores and Buying Catalogue, Durban 1986, p. 1.

The organisational arrangements of the Purchasing Office at the University of Natal is reflected in Figure 9 below.

FIGURE 9
THE ORGANISATIONAL ARRANGEMENTS OF THE PURCHASING OFFICE AT THE UNIVERSITY OF NATAL



The Assistant Finance Officer is responsible for the administration of the purchasing function. He is responsible to the Deputy Finance Officer, and the Finance Officer. The other personnel who are involved in the co-ordination and control of the function are the Senior Accounting Officer, buyers, and the clerical staff, who are responsible for, inter alia, the issue of purchase order numbers, the budget control function, the receiving and checking of purchase orders, the reconciliation of invoices and purchase orders, and the maintenance and control of a petty cash system.

Before outlining the purchasing procedure, the methods of purchase shall be briefly viewed. The University basically subscribes to the following two methods of purchasing : [19)]

- purchases without negotiations; and
- informal quotations.

The purchases made without negotiation are executed in the following instances ;

- where items are available on Universities Purchasing Consortium contracts, regionally and nationally arranged contracts;
- where maintenance agreements have been signed for specific types of equipment and services; and
- for petty cash purchases up to a value of R200,00 for, inter alia, stationery and maintenance items.

Purchasing by informal quotations is done on an extensive scale. This is primarily owing to the fact that the Purchasing Office does not implement a method of purchasing by formal bids or tenders for supplies, equipment and services.

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19. See supra., p. 147.

The Purchasing Officer is responsible for buying in the following areas :

- typewriters and other office equipment;
- furniture;
- maintenance items; and
- stationery.

All requisitioning departments must check with the Purchasing Office before a purchase is made in any of the above categories.

The requisitioning departments must consult with the following service departments [20] responsible :

Service Department		Asset Type
Audio Visual Centre	-	Audio Visual Equipment
Computer Services	-	Computers and Word Processing equipment
Building Services	-	Airconditioning units

These service departments shall ensure that an item suitable for the department's need is purchased at a reasonable price and of an acceptable quality.

The purchasing procedure shall be viewed in conjunction with the type of purchase orders used.

The University operates on the following types of purchase order forms :

- General University Purchase Order - Form Number 40[21]
- Stores (Inventory) Purchase Order - Form Number 40S[22]
- Foreign Creditors Purchase Order[23] - Form Number 41
- Cash Purchase Order[24] -

20. A 'service department' is an organisational unit which renders a specific type of service to other departments in the university, for example, the Purchasing Office, Building Services, and Computer Services are referred to as service departments.
21. See Anneuxre 12.
22. See Annexure 13.
23. See Annexure 14.

The general university 'purchase order' form is most widely used. The form serves a twofold purpose. Initially, it serves as a 'requistion' for an order. The form only becomes an official 'purchase order' once the order number is reflected on it and it has been authorised by signature by the Purchasing Office.

This form is in quintuplicate, bound into pads and issued in serial number sequence to various requisitioning departments. The forms are of specific colours and are distributed as follows:

- green (1) : is the original 'purchase order' which goes to the supplier. It has a perforated strip which provides for the departmental code and estimated cost. This strip is promptly returned to the requisitioning department, as a confirmation that the order has been placed;

- blue (2) : is the provisional debit copy which commits the amounts against a particular budget allocation;

- yellow (3) : is the certification of fulfilment of order - the head of department certifies that the goods and services have been received and that payment could be made;

- pink (4) : is the provisional credit copy which reverses by contra the provisional debit raised by the blue copy of the purchase order; and

- white (5) : is the copy retained by the department on its file.

The top four copies are forwarded by the requisitioning department to the Purchasing Office for effecting purchase whilst the fifth copy is retained by the department officer for record purposes.

The form provides the following information :

- order number;
- delivery address;
- department's name and location;
- quantity, description and price; and
- signatures of the head of department and the purchasing officer.

When an item is required, the staff in the requisitioning department shall make the necessary inquiries from possible suppliers. Once the source of supply, price and quality have been established, the 'requisition' is completed, approved by the head of department or his authorised representative and forwarded to the Purchasing Office. The Purchasing Office, on receiving the requisition, checks the nature of the items being purchased. For example, the items may be available on Consortium Contracts and such orders should be placed accordingly.

Items related to such fields as computerisation, audio visual and airconditioning shall be directed to the Purchasing Office through the respective service departments.[25)]

If requisitioning departments wish to purchase items of furniture and office equipment these must first be cleared by the Purchasing Officer prior to purchase. The buyers are responsible for purchase of stationery, technical maintenance, furniture and office equipment and consequently have the necessary expertise in these fields to advise departments.

A standard, priced furniture allocation list for professors, senior lecturers, lecturers, administrative assistants, typists and secretaries is made available to the heads of departments for purposes of purchase and budget estimation.[26)]

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25. See supra., p. 187.
26. See Annexure 16 .

The academic departments have a greater freedom in the purchasing of laboratory equipment for formal instruction and research. An head of department who requires a specific piece of equipment makes the necessary inquiry and forwards the complete and authorised 'purchase requisition' to the Purchasing Office. Here it is checked, inter alia, for funds, the authenticity of the supplier, delivery basis and conditions of purchase, before being authorised by the Assistant Finance Officer. Subsequently, the order number is given, the perforated slip on top of the original form is completed and forwarded to the respective department as proof that the purchase order has been processed.

The blue (second) copy of the 'purchase order' commits the department to a specific amount against its budget allocation and provides a provisional debit.

Once the invoice is received by the Creditors Section, it is matched to the yellow (third) copy of the 'purchase order' and is forwarded to the head of department for his signature. If the 'purchase order' has been satisfactorily completed, it is signed and sent to the Creditors Section for payment.

The pink (fourth) copy of the 'purchase order' contras the initial provisional debit raised by the blue (second) copy of the 'purchase order'.

Although the purchasing procedure has been stipulated, in actual practice the order numbers are issued telephonically. The 'purchase requisition' is only received later and signed by the Assistant Finance Officer.

The 'stores (inventory) purchase order' form is used by the Purchasing Office to buy stock items.

It provides for the following information, inter alia :

- supplier's name and address;
- delivery address;
- order number;
- authorisation by Purchasing Office;
- stock code and description;
- quantity required; and
- date.

This form is used by the Purchasing Office to replenish stock of, inter alia, maintenance items and stationery. The purchase of stock is generally accomplished by use of 'stock reorder printout'[27] which reflects the items that need to be replenished. The Inventory Section may also forward a 'requisition'[28] for purchase of stock items.

Copies of the 'Stores (Inventory) Purchase Order'form are distributed as follows:

- green is the supplier's copy and is posted to the supplier;
- blue is the 'goods received voucher' which is forwarded to the Inventory Section for 'pending delivery' file;
- yellow is the 'payment authorisation copy' which is retained by the clerk in the Purchasing Office awaiting delivery; and
- white is the 'Stores record copy' which is sent to the Inventory Section for its files.

Once delivery is made, the officers in the Inventory Section check the delivery against the copy of the 'purchase order' in the pending delivery file, that is, against the goods received voucher.

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27. See Annexure 17.
28. See Annexure 18.

If the order is satisfactorily completed, the delivery note is attached to the 'goods received voucher'. The information on goods received voucher is entered on the computer terminal to update stocks and prices. Once this is completed, it is sent to the clerk in the Purchasing Office.

On receiving the 'goods received voucher' in the Purchasing Office, the clerk immediately matches it with the yellow copy of the purchase order form from the 'pending delivery' file and enters the quantity and price on it and files it in the 'pending invoice' file.

Once the invoice is received, it is matched to the respective order in the 'pending invoice' file. The clerk ensures that such informa= tion as the amounts and quantities agree before obtaining the Assistant Finance Officer's or the Senior Accounting Officer's authorisation for payment.

This information is updated on the computer terminal on computer diskettes and the 'goods received voucher' is filed in the 'completed orders' file.

The clerks in the Creditors Division in the Finance Section process payments twice monthly.

The clerk in the Purchasing Office forwards the information to the Creditors Section on computer diskettes by 12h00 (the day before processing) for payment.

Foreign creditor purchases are not executed by the Purchasing Office as such. All such purchases are administered by an officer within the Finance Division who is responsible for initiating the purchase order, ensuring its receipt and payment. Most of these purchases are made on the basis of catalogued information provided by the requisitioning department. The officer charged with this function is responsible for co-ordination and control of this activity only. The value of overseas purchases is estimated at R250 000 per annum and includes the purchase of library books.

The 'foreign creditor purchase order' is initiated in the same manner as the general university 'purchase order' (form 40), and, therefore, the procedure is not being detailed.

Cash purchase orders are executed by an accounting officer in the Purchasing Office.

A maximum of R8 000,00 cash float is available and cash order purchases are limited to R200,00 per item.

This method is used extensively for urgent and small value items which do not justify following the normal ordering procedure.

This order form provides for the following information:

- date of issue and receipt of goods/services;
- job number;
- department name and code;
- supplier's name;
- stock codes;
- description, quantity and price;
- signature of authorised purchasing office representative;
- signature for receipt of goods;
- signature for receipt of cash; and the
- signature of head of department and authorised representative.

The order form is completed in triplicate and is distributed as follows :

(i) white copy for recording of journal entries and invoices;
(ii) blue copy for departmental filing at Purchasing Office; and
(iii)green copy for general files.

For cash order purchases by a department, two authorised departmental signatories are necessary.

For all the technical maintenance and stationery purchases, such 'cash orders' must be approved by the Purchasing Officer before execution. The purchases for the Inventory Section must be taken into stock on the basis of invoice and stock codes. By journal entries, these items are brought into stock for issues and are charged out.[29)]

For all cash purchase transactions the supporting documents must be handed in within twenty-four hours.

Cash purchase orders are balanced at the end of each day.

All petty cash debits are completed on journal forms in triplicate and checked by the Senior Accounting Officer before funds could be replenished. When funds are required to replenish the float this is effected by completing petty cash requisiton forms.[30)]

The purchasing function at the University of Zululand shall be reviewed nest.

2.3 UNIVERSITY OF ZULULAND [31)]

The University of Zululand executes its purchasing function in terms of a Purchasing Handbook approved by the University Council.

The purchasing policy stated in this Handbook is that the Purchasing Office is committed to their goal of an efficient and disciplined purchasing system.[32)]

The Handbook serves as a guideline and a manual to achieve the purchasing objective.

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29. See Annexure 19.
30. See Annexure 20.
31. Much of the information in this regard has been obtained from discussions with Mr B H Pahl, Director (Purchases and Stores) of the University of Zululand.
32. University of Zululand : Purchasing Handbook, Zululand, 1985, p. 1.1.

The policy-making function emanates from the officials involved with the purchasing function and in this respect it would be the Director of Purchasing and the Registrar/Finance and is approved by the Council of the University.

The purchasing system applied at this University is the combination of both the centralised and decentralised systems.

The Purchasing Office is responsible for the operation and control of the purchasing fucntion which is co-ordinated in the following manner, inter alia:

- ensuring that funds are available for authorised purchases;
- receiving, checking and authorising of purchasing requisitions;
- issuing of official purchase order;
- advising requisitioning departments on purchasing methods and procedures, e.g. purchase of items, available on Universities Purchasing Consortium Contracts, or State Buyer Contracts; and
- inviting of tenders for items of a general nature which are purchased regularly.

The personnel in requisitioning departments decide on purchase of equipment. They are responsible for initiating the purchasing process by obtaining quotations for items required. Once the supplier, quality and prices are established, the 'requisition to purchase' is forwarded to the Purchasing Office for the issue of an official purchase order. The Purchasing Office co-ordinates this function to ensure efficiency and effectiveness.

All purchases are directed through the Purchasing Office. The general purchasing policy as approved by the Council of the University is as follows:

UNIVERSITY OF DURBAN LIBRARY

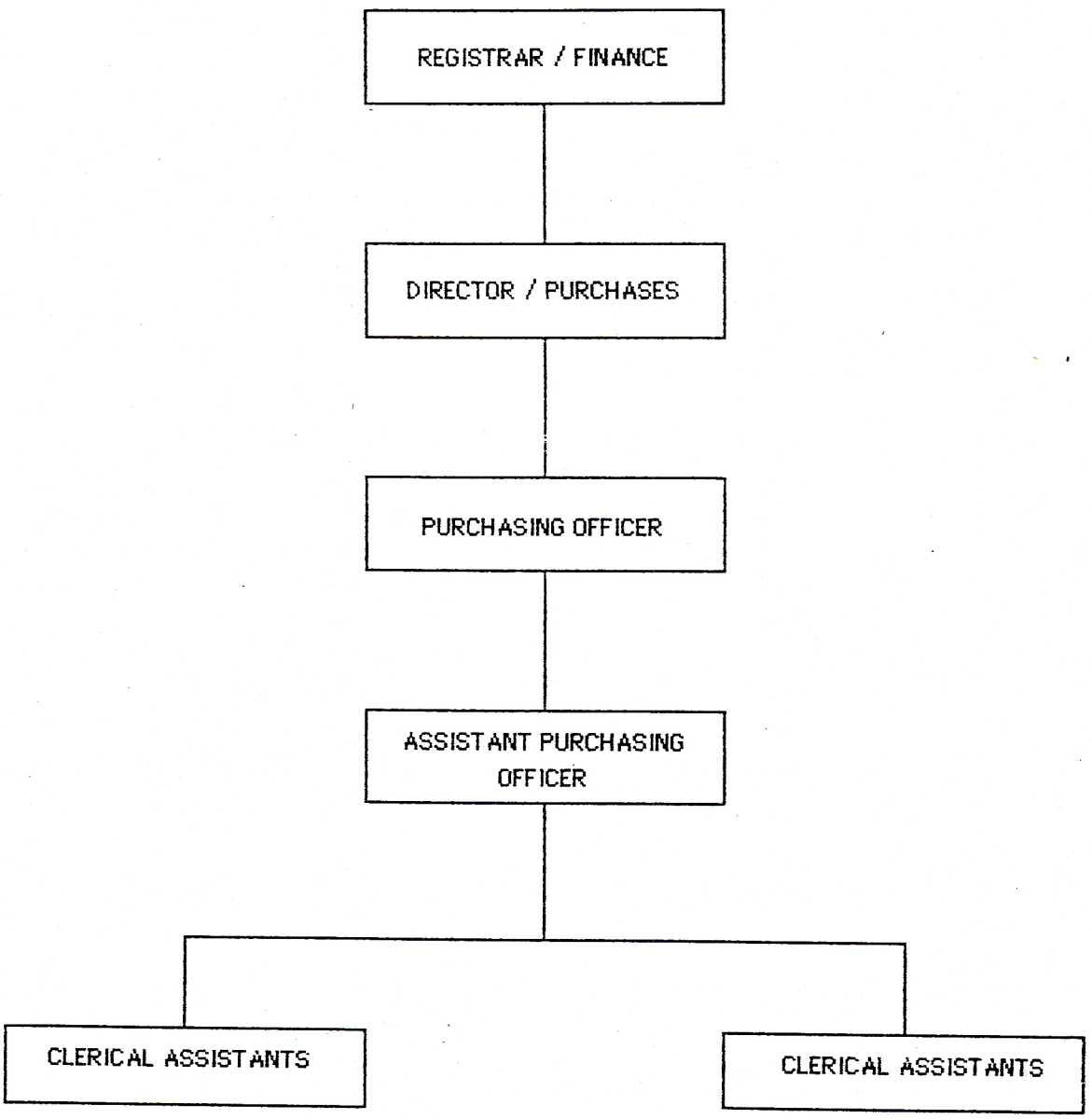
- for all purchases less than R500,00 per purchase order, no quotations are necessary;
- for purchases from R500,00 - R2 000,00 telephonic quotations or quotations received by telex are acceptable. Telephonic quotations must be written on the purchases requisition. At least three quotations must be provided, if not possible an explanation must be given;
- for purchases from R2 000,00 - R10 000,00 - written quotations must be obtained. Three quotations are necessary otherwise an explanation must be provided;
- for purchases from R10 000,00 - R25 000,00 tenders shall be invited from a pre-selected source of suppliers;
- for purchases in excess of R25 000,00 tenders for such items must be advertised in the local press and the Natal press unless otherwise directed by the tender committee;
- no quotations are necessary when purchases are made in accordance with Universities Purchasing Consortium Contracts as well as in the case of State Contracts; and
- local firms are allowed the following preferences for purchases :

0 - R 3 000	-	7,5 per cent
R3 000 - R20 000	-	2,5 per cent
R20 000 and over.		

The organisational structure of the Purchasing Office is reflected in Figure 10.

FIGURE 10

THE ORGANISATIONAL ARRANGEMENTS OF THE PURCHASING OFFICE AT THE UNIVERSITY OF ZULULAND.



The Director is responsible for the purchasing function and is accountable to the Registrar/Finance of the University.

The Director is assisted by a Purchasing Officer and an Assistant Purchasing Officer in executing the purchasing function. The clerk and typist assist in carrying out the routine clerical tasks such as checking invoices and purchase orders, associated with the purchasing function.

The purchasing methods employed by the Purchasing Office are:

- purchases without negotiation;
- purchase by informal quotations; and
- purchases made by formal bids or tenders.[33)]

Purchases without negotiation are effected in terms of specific contracts with suppliers, such as Universities Purchasing Consortium Contracts, State Contracts and any contract arranged for maintenance and supply of goods and services to the University.

Purchases without negotiation may include urgent orders placed with specific suppliers, as well as purchases made for small value items which do not justify the time and effort of the normal purchasing procedure and may be 'bought out' by use of petty cash.

A major part of the purchasing function is executed in terms of informal quotations. Informal quotations are obtained for purchases up to a value of R10 000 per purchase order. As far as possible three quotations must be furnished and if this is not possible reasons must be advanced.

For purchases in excess of R10 000 up to R25 000 per purchase order, formal bids must be invited from selected suppliers by the Purchasing Office.

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33. See supra., p. 147.

For purchases in excess of R25 000, tenders must be advertised in the local press and the Natal press unless otherwise directed by the Tender Committee.

The approval of tenders is executed as follows;

- up to R15 000 by the Registrar/Finance;
- from R15 000 to R50 000 by the Rector; and
- in excess of R50 000 by the University Tender Committee of Council.

The format and the conditions of the tender are left to the Director, who is responsible to check specifications, decide on suppliers, invite the tender, schedule quotations when received and forward it to the respective authorities for approval.

The purchasing procedure shall be related to the specific forms used in the purchasing function.

The primary purchasing forms are :

- the 'requisition to purchase';[34)]
- the 'purchase order';[35)] and
- 'goods received note'.[36)]

In regard to the 'requisition to purchase' the Purchasing Handbook states as follows:

"Whenever initiating an expense to the University by way of calling for a chargeable service or purchase of goods from any outside source, a 'Requisition to Purchase' must be completed".(37)

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34. See Annexure 21.
35. See Annexure 22.
36. See Annexure 23.
37. University of Zululand, Purchasing Handbook, op.cit., p. 1.2.1.

The following information must be furnished on the 'requisition to purchase' :

- possible supplier;
- full description of item;
- estimated value of item - quantity;
- authorised signatories - head of department/dean;
- mode of transport; and
- delivery basis.

All such requisitions bear a serial number.

All 'purchase requisitions' for office furniture and office equipment must be motivated and forwarded to the Purchasing Officer for consideration and approval of the Office Furniture Equipment Committee. This is considered necessary to ensure authenticity of the request, control and for standardisation purposes as well.

Written quotations must be obtained for any expensive repair or service, prior to the execution of the job. The repair cost is not to exceed the cost of replacement of the item. The guideline in this regard is that the repair cost should not exceed sixty per cent of the item's replacement value.

The form is completed in duplicate. The original white copy is forwarded to the Purchasing Office for attention. The yellow second copy is retained by the personnel in the requisitioning department as a record copy.

Once the requisitioning department forwards 'requisition to purchase' to the Purchasing Office, it is checked for accuracy of description, quantity, price and delivery basis. The Purchasing Officer may approve the requisition, or if considered may obtain additional information from personnel in the requisition department or the possible source of supplier.

Once satisfied, the Officer approves the 'requisition' and thereby authorises the issue of an official 'purchase order'.

In regard to the 'purchase order' form the Handbook reads as follows:

"To apply a sound financial recording system, all expenses incurred by this University must be recorded on the official University Order. Only the Buying Office is authorised to issue these Orders, but only once a correctly completed and authorised Requisition has been issued to the Buyer.

A copy of the completed order will be returned to the Requisi= tioning Department for references and it is important to ensure that it is checked for accuracy. It also provides the Requisitioner with all relevant information reflecting the Supplier, expected delivery and expense incurred.

The order will always indicate the expected delivery time. Once goods arrive at the Store (Inventory Section), you will be advised by way of a Goods Received Note. Should goods become overdue, please query the delay by phoning the supplier".(38)

This form is completed in quadruplicate. The information is genrally typed and is checked by the Purchasing Officer.

The form reflects the following basic information :

- serial number and date;
- supplier's name and address;
- delivery basis;
- item number, quantity, description of goods and services; terms of payment;
- two authorised signatories of the Purchase Office;
- entity number (allocation code);
- purchase requisition number; and
- name of department.

38. Ibid., p. 1.2.3.

Once the purchase order is authorised it is distributed as follows:

- orignial white copy is sent to supplier;
- pink copy is forwarded to the Creditors Section to be filed in supplier pending file - awaiting invoice;
- blue copy is forwarded to Stores Section where it is filed in numerical sequence awaiting delivery of goods;
- yellow copy is sent to the requisitioning department to be matched with the yellow copy of the purchase requisition. It also serves to verify what was actually ordered; and the
- white copy is kept by the Purchasing Office in numerical sequence as record copy.

The Handbook describes the purpose of the 'goods received note' as follows:

"It is mainly used at the University Stores (Inventory Section). Any other department in need of the Goods Received Note Book must collect it from the Senior Storeman".(39)

It adds :

"Once a Supplier has delivered goods to the Stores (Inventory Section) for redirection to a department, the Storeman will complete a Goods Received Note and the goods, together with the copy of the Goods Received Note will be sent to the department. If the Stores (Inventory Section) cannot deliver, then a copy of the Goods Received Note is sent to the department and serves as an Arrival Notification requesting the department to collect the goods".(40)

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39. Ibid., p. 1.2.2.
40. Loc. cit.

The form is completed in quadruplicate and is distributed in the following manner :

- the original white copy is forwarded to the Purchasing Office to be matched with the white copy of the 'purchase order';
- the pink copy is sent to the Creditor's Section to be matched with the pink copy of the 'purchase order' on the 'awaiting invoice file';
- the yellow copy is forwarded to the requisitioning department with the goods and is filed together with the yellow copy of the 'purchase order' and serves to reflect whether the order is complete or incomplete; and
- the blue copy is retained by Stores (Inventory) Section and filed with the blue copy of the 'purchase order'. The matching of these two dcouments would inform the Stores (Inventory) Section whether the order is complete or not.

Once a need is determined by the head of a requisitioning department, he establishes the source of supply, estimated price and delivery basis, and completes a 'requisition to purchase' and forwards it to the Purchasing Office. The Purchase Officer checks it and if satisfied authorises the issue of a typewritten purchase order, which is thoroughly checked before authorised by two signatories of the Purchasing Office.

Once endorsed the original copy goes to supplier and a copy is sent to the Inventory Section, the requisitioning department, the Creditors Section and a copy is retained by the Purchasing Office.

Once the goods are received by the clerks in the Inventory Section, they complete the 'goods received note' in quadruplicate, and forward the goods to the requisitioning department, with a copy of the 'goods received note'. The officer in the department matches the 'goods received note' to their copy of the order on file.

The other copies of the 'goods received note' are forwarded to the Creditors Section, the Purchasing Office and the Inventory Section and a copy is retained for the department's file.

The copy of the 'goods received note' which goes to the Creditors Section is matched with the order copy and if the invoices have been received, the certification for payment is obtained before being processed for payment.

Where equipment is purchased, the Inventory Section ensures that such items are marked and taken-on charge.[41)]

3. A COMPARISON OF THE OPERATIONAL ASPECTS OF THE PURCHASING FUNCTION AT THE UNIVERSITIES OF DURBAN-WESTVILLE, NATAL AND ZULULAND

The universities of Durban-Westville, Natal and Zululand subscribe to a combination of centralised and decentralised organisational arrangements with varying degrees of purchasing authority.

At the University of Durban-Westville the purchasing function is the responsibility of both the user-departments and the Purchasing Office. Both participants complement each other in the purchasing cycle. It is laid down that all purchases must be authorised in terms of formal documentation by the Purchasing Office which also co-ordinates the function before the issue of an official order. However, the system entails duplication of activities as both the user-departments and the Purchasing Office are involved in the purchasing function. The process is considered long drawn and time consuming.

The position at the University of Natal is similar to that applied at the University of Durban-Westville. The Purchasing Office is responsible for purchasing specialised items, inter alia,

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41. See supra., p. 70.

office furniture, office equipment, stationery, technical and maintenance supplies. In these fields the purchasing function is considered to be centralised. However, in contrast academic departments have a greater autonomy in determining their purchasing requirements in respect of equipment essential for teaching and research. Hence, a duplication of purchasing functions arises. Most order numbers are issued over the telephone and purchases are often confirmed with suppliers even before the purchase requisition reaches the Purchasing Office for authorisation. The purchase requisitions are generally approved retrospectively. Therefore, the possibility exists that the University may be committed to a legal obligation in respect of telephonic order confirmations with suppliers.

At the University of Zululand all purchases are approved by the Purchasing Office by documentation before the confirmation of the order with the supplier. The responsibility for purchasing is shared between the user-departments and the Purchasing Office, resulting in the duplication of activities.

The functionaries responsible for purchasing require special knowledge, skills and behavioural attitude. These officials are interacting at different levels within and outside the institution. Since the purchasing function is considered to be a profession there are certain standards laid down for recognition as a professional purchasing officer. In this regard officials must obtain the necessary qualification and training in their specialised fields of activity.

At the University of Durban-Westville the purchasing functionaries have obtained their purchasing skills through the medium of experience and on-the-job training. The Purchasing functionaries' authority to approve orders are limited to specific amounts within the scope of their delegation.

At the Universities of Natal and Zululand the purchasing officers are members of the South African Institute of Purchasing and have professional status. The officials at the University of Natal have no restrictions placed on the value of orders which they can authorise. At the University of Zululand all orders are approved by two signatories in the Purchasing Office to ensure adequate control.

The purchasing methods and procedures applied at the universities differ. It is imperative for proper direction and goal achievement that purchasing policies, methods and procedures are formally documented and made available as manuals.

At the University of Durban-Westville, the emphasis is placed on the use of formal quotations, that is, the tender system. This system has distinct advantages, in that, it enables responses from a wider range of suppliers, thus resulting in competitive tendering.

At the University of Natal most purchases are executed through the medium of informal quotations. No tender system is applied and thus the potential benefits which may accrue from this system is lost.

Although the University of Zululand uses both the formal and informal method of purchasing the emphasis is on informal purchasing. It is considered necessary to utilise the tender system more often to ensure greater savings.

All universities subscribe to the contracts arranged by the University Purchasing Consortium. Although, the Consortium is considered beneficial in respect of certain commodities, all purchasing officers agree that it has increased their workload. It is necessary for an officer to be fully involved with the Consortium matters on a daily basis. Many aspects, such as, attending to correspondence, determining of purchasing needs, filing of amendments to current contracts are time-consuming tasks.

The work is compounded by the fact that contracts are arranged both on a national and regional basis. The universities also showed a reluctance to commit themselves to every national contract. One reason advanced was that many national contractors were based in other provinces which created difficulties in terms of negotiations and delivery times. It is possible that such items could be purchased locally if considered advantageous. The support of local suppliers was considered essential especially because many contributed to the bursary and development funds of the various universities and were considered as inhabitants of a particular environment and necessitated co-operation for mutual co-existence. Most purchases arranged by the Consortium nationally were often negotiated with large and sometimes monopolistic groups. Although savings are expected, this often eliminates and diffuses the possible development of the small businessman and goes counter to the principles of the free enterprise system. There are undoubtedly benefits in bulk buying, but universities are also reliant on many small private enterprises for additional income to support their growing activities. Therefore, it is also necessary to support such valued suppliers, many of them locally based and as such in close proximity to the universities.

4. THE PURCHASING FUNCTION AND THE NORMATIVE FACTORS OF PUBLIC ADMINISTRATION

The university council as the supreme governing body of the university is responsible for the formulation of rules and regulations for attaining its objectives and goals. Therefore, such directives should be clearly set out in manuals and the purchasing functionaries should perform their duties accordingly. For example, no purchasing agreements should be concluded which would be disadvantageous to the university.

In order to ensure that the university benefits from purchasing negotiations, it is necessary for purchasing officials to execute their duties efficiently and effectively. For example, purchases should at all times be limited to essential requirements and be conducted in the most economical manner.

There are direct financial implications in the purchasing context and the actions of purchasing functionaries are therefore subject to check by auditors, as well as high-ranking functionaries. Hence, purchasing officials should be able to substantiate and account for every action or inaction. For example, when tenders are being approved, purchasing officials should ensure that their reasons for the choice of a particular supplier is sufficiently substantiated for purposes of accountability.

The purchasing officials should be clearly aware of the limits of their authority and must act within the scope of their delegation. For example, a purchasing officer should not authorise a purchase if there are no funds or if the amount exceeds the limit he is authorised to approve.

The purchasing officers work in a peculiar environment which interacts with a sector of suppliers on the outside and with a sector of users within the university. This environment creates opportunities for self aggrandisement at the expense of the university. Therefore, purchasing functionaries must always uphold ethical values in the pursuance of purchasing objectives. For example, an officer could be tempted to falsify a motivation for a large purchase in favour of a supplier who promises him a rich reward.

5. SUMMARY

The objective of the purchasing function is to enable continuity of the university's activities by ensuring a steady supply of goods and services to all user-departments within the institu= tion. It seeks to obtain the maximum utilisation of funds appropriated for such purposes with the intention of approving quality items within reasonable costs.

The purchasing function may be performed within different organisational structures, such as centralised, decentralised or a combination of both. The advantages of the centralised system outweigh the others.

In the execution of their duties purchasing functionaries must realise that they are responsible for an important function which commits the university. Therefore, they should at all times follow the directions laid down by council in respect of purchasing policies, rules and regulations. As the universities financial and other resources are limited, the officers should aim at obtaining the best value for money, in the most efficient and effective manner. There are direct financial implications in the purchasing function, hence officials should always exercise care and caution in their negotiations. A purchasing officer should act openly ensuring that, he can, if considered necessary be called to account for every action or inaction. The purchasing officer must always act within the confines of his delegated authority to ensure that he does not subject himself to any legal and amdinistrative consequences which may occur if he did so. The purchasing environment and in particular the dealings with suppliers create many opportunities for purchasing officials to further their personal interests. It has often happened that suppliers requiring business may make tempting offers in cash and kind to purchasing officers to approve orders in their favour. Therefore, purchasing functionaries must be aware of these practices and always conduct themselves ethically.

CHAPTER IX

ADMINISTRATION OF THE INVENTORY FUNCTION

1. INTRODUCTION

A substantial amount of the university's budget is used for the purchasing of stores and equipment. In this respect these items are considered to be the university's investment. Therefore, due regard must be given to the inventory function which is concerned with the receiving, issuing and monitoring of all stores and equipment within the university.

Accordingly, in this chapter attention is focussed on the following:

- objectives of the inventory function;
- financing;
- organisational arrangements;
- staffing;
- methods and procedures; and
- control.

2. OBJECTIVES OF THE INVENTORY FUNCTION[1)]

The inventory function is important as a major part of the university's budget is invested in stores and equipment necessary for continued execution of the activities constituting university administration. Without the necessary tools the university objectives of teaching,

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1. "Inventory control" means the same as 'stock control', although some people try to make a distinction. In ordinary English the words 'stock' and 'inventory' mean the same things." - vide, Baily, P and Travernier, G : Design of Stock Control Systems and Records, Gower Press Ltd. London, 1970, p.3.

   In the light of the aforementioned and owing to the fact that at the three universities the 'inventory' or 'stores' function is executed by an organisational unit referred to as the "stores section", it is accepted that for the purposes of uniformity the term 'inventory section' and 'inventory function' shall be used in this dissertation.

research and training will not be achieved. The efficient and effective administration of the university function will contribute to the attainment of the university goals. Therefore, it is necessary for the university authorities to, inter alia, ensure the proper execution and control of the inventory function. To this end it is highly essential to determine and set the objectives for the inventory function.

Morrision lists a number of responsibilities of the inventory function. These are briefly outlined as follows:[2)]

- an economical service is considered to be the principal objective of the inventory function. Such a service must be provided as efficiently and effectively as possible;

- preparing and providing a catalogue for identification of all stock items. This entails a process of systematically defining and describing each item of stock. At universities this would include a departmental inventory of all stores and equipment from a predetermined value;

- process of receiving and accepting all goods and services from within and outside the institution;

- necessity to inspect all items purchased, with regard to quality, quantity and description, before acceptance;

- issuing and despatching of stock items according to departmental requisitions. In a large campus environment it may necessitate the parcelling of items and delivery by motor vehicles;

- maintenance of an accurate record of all receipts, issues and disposals of all stores and equipment in the institution;

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2. Morrison, A : Storage and Control of Stock : for Industry and Public Undertakings. Sir Isaac Pitman and Sons Ltd., London, 1967, p.3.

- ensuring an adequate level of all stock items to meet the demands of departments and includes the process of reordering for purposes of replenishment of stocks;

- the need for periodic stocktaking, that is the physical verification of all stores and equipment; and

- to provide adequate storage facilities for the safe custody and protection of all stores and equipment.

Ritterskamp, et al specify the following points as being central to the inventory function:[3)]

- ensuring a sufficient provision of commonly used items for requisitioning departments;

- the price of such items must represent tangible savings to requisitioning departments;

- economics result in the purchasing function, such as reduction in the number of emergency orders;

- encourages simplification and standardisation of acceptable items by user departments; and

- items required urgently could be collected from the stores section promptly by the user departments.

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3. Ritterskamp, J J, Abbot, F L and Ahren, B C (Eds) : Purchasing for Educational Institutions, Third Printing,Teachers College Press, New York, 1968, p.107.

From the aforementioned discussion, the following objectives of the inventory function are considered pertinent to the university environment:

- to assist in achieving the goals of the institution by rendering an efficient and effective service of providing stores and supplies to requisitioning departments;
- to ensure departmental satisfaction;
- to maintain records of all stores and equipment within the institution;
- to ensure a regular check and control by stocktaking procedures;
- to ensure the safe custody of all stores and equipment; and
- to dispose all obsolete, wornout and redundant stocks.

The above objectives cannot be achieved without provision being made for the financing of the function.

3. FINANCING OF THE INVENTORY FUNCTION

Ritterskamp, et al elaborate on the need for establishing and financing the inventory function as follows:

"It is essential that funds be available to provide facilities and to purchase the initial inventory of supplies when a central storeroom is first established. These funds may be provided in one of several ways. The choice will depend on the institutional policies and the method selected for financing the stores system". (4)

There are basically two methods, namely:[5)]

- to begin inventory operations an outright appropriation may be requested to cover the initial cost of the inventory of supplies and if necessary to include the cost of housing the operations; and
- to secure an advance of funds for the purpose of purchasing an initial stock inventory and the sum to be repaid over a specified period of time from the sale of items, which includes a moderate mark-up to cover operating costs.

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4. Ibid., p.108.
5. Ibid.

At the universities studied the inventory operations have been started by requesting for initial outright appropriations. As the provision of stock items from the inventory section is to be consi= dered a service to the requisitioning departments all items are charged out on the basis of an average cost price.

4. ORGANISATIONAL ARRANGEMENTS FOR THE INVENTORY FUNCTION

The purchasing and inventory functions are largely interdependent on each other and, therefore, they generally fall under one departmental head who is responsible for co-ordinating these functions and ensuring that an efficient and effective service is rendered,[6)]

Two important components of organising is stressed in regard to the inventory function at universities : one is the division of work and the other the concept of centralisation and decentralisation.

4.1 DIVISION OF WORK[7)]

The chief storeman is responsible for the day to day administration of the inventory section and is accountable to a head who is respon= sible for both the purchase and inventory functions. At the univer= sities, such responsibilities are delegated to high-ranking officers such as directors, deputy directors and assistant finance officers.

The Chief Storeman is responsible for the efficient and effective operation of the inventory function. By virtue of his senior position in the hierarchy, he is concerned more with administrative functions. The officer is assisted by deputies, namely, senior storemen, and below them are a category of storeman who are fully fledged operational workers involved with the daily routine of receipts, issues and control procedures.

The general assistants are workers of the messengers and labourers category and are responsible for transporting items within and out= side the inventory section.

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6. See supra., p. 69.

7. The information was obtained from discussions with high-ranking offi= cials at the three universities studied.

In order to operate an efficient and effective inventory section, it is necessary to determine whether the function as such should be executed in a centralised or decentralised manner.

4.2 CENTRALISATION AND DECENTRALISATION OF THE INVENTORY FUNCTION[8)]

Ritterskamp, et al emphasise the value of centralization of the inventory function as follows:

"It is evident that tangible and intangible savings bring about very substantial economies when institutional requirements can be handled through a centralised storeroom. Efforts to increase the number of stock items compared to the total of all items purchased should, therefore, be encouraged. The economic efficacy of stores management confirms the long-recognised thesis that sound, scientific purchasing principles, applied to procurement result in the maximum value for each dollar of expenditure."(9)

The needs of a university emphasise the necessity of a central inventory section. Otherwise, stores and supplies would have to be kept by the various departments in a decentralised manner.[10)]

The advantages of centralisation obviates the need for establishing smaller and independent stock rooms throughout the campus maintained by departmental personnel.

Storage space utilised for decentralised inventory sections may be allocated for the purposes of academic instruction and in this regard is considered to be more valuable.

Separate storeroom necessitates greater storage space, more personnel and larger inventories.

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8. Ritterskamp, et al op.cit., pp. 111-112.

9. Loc.cit.

10. The American experience has shown that the smaller decentralised storerooms operate without proper control and often results in carrying excess or deficient stocks. Items such as chemicals, paper and films for photographic purposes deteriorate rapidly and overstocking may result in excessive losses, vide, loc.cit.

The most important savings of centralisation is the reduction in the number of purchase orders by requisitioning departments. The nature and range of items stocked would determine the extent to which departments utilise the services of the central inventory section.

Centralisation eliminates the time and effort often spent by academics to source out suppliers.

At the three universities the inventory function is centralised and items which are commonly used by departments, are stocked.

Having established the benefits of centralisation it is necessary to ascertain whether such a system is to be operated on a "closed" or an "open" basis.

4.3 CLOSED AND OPEN INVENTORY SYSTEMS

Baily and Travernier expect a centralised inventory section to have the following primary objective:

"A good system ensures that materials are at the right place at the right time, in the right quantity. It is probable that there are financial limitations to stock held, and that storage space is at a premium. The aim, therefore, should be to meet production and market requirements economically within those limitations." (11)

Although the above objective is more private sector orientated, it emphasises the effective and efficiency concept and is therefore, of relevance to the university environment.

There are basically two systems used for the safe custody, storage and physical control of all stock items. These are the closed and open systems.[12)]

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11. Baily and Travernier, op.cit., p.6.

12. Lee L and Dobler, D W : Purchasing and Materials Management : Text and Cases, Third Edition, McGraw-Hill Book Company, New York, 1977, pp. 349-353.

A closed system entails the storing of all items in a closed controlled area. The physical control is maintained by locking up the storage area. As a rule only inventory staff are authorised within such an area. All items which leave and enter must be substantiated by authorised documentation. This system affords maximum physical security and ensures firmer accounting control over stocks.[13)]

An open system is an area where goods are kept for immediate and constant use without the protection of a storeroom. Unlike a closed system,this area is open to all staff and is designed to expedite production activities. Consequently, it is widely used in industries where there is a constant need for highly repetitive, mass production operations. It places little emphasis on physical security and accounting control. It is ideal for manufacturing industries such as automobile assembly plant. After the material is received by inventory personnel it is forwarded to the production sites where the supervisor accepts responsibility.[14)]

From the above it is clear that an open system is suited for a manufacturing concern and as such is unacceptable for universities which require adequate control measures for the receipt, custody and issue of stocks. Therefore, the closed system is in use at all the universities studied.

Within the organisational concept an aspect which is closely allied to the effective centralisation and execution of the inventory function is the provision of adequate facilities for its operation.

4.4 FACILITIES FOR THE CENTRALISED INVENTORY FUNCTION

The facilities for receiving, storage, issue and despatch are necessary for ease of operation of the inventory section.

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13. Ibid., p.349.

14. Ibid., pp. 352-353.

In this regard Ritterskamp, et al emphasise that the correct location of the inventory section contributes greatly to its ease of operation:

"If possible the stores building should be located as close to the centre of activities as possible, to reduce the delivery costs, first by shortening the trucking distances, and second by encouraging pick-ups by departments. On the other hand, the location should be on property where expansion can take place when necessary and where adequate parking for employees, customers, and delivery trucks is taken into consideration. When possible the central storeroom should be located adjacent to, or preferably in the same building with, the service departments such as the carpenter shop, plumbing and heating departments, painters, masons, and electrical workers, in order to permit issue to these entities without transportation cost." (15)

A single floor building is ideally suited for the inventory function, whilst a multi-storey building is a hinderance to efficiency and effectiveness of operations. The receipt and issue of goods is made difficult by use of elevators and is time consuming. The distribution of personnel over several levels leads to unequal distribution of workloads and makes supervision difficult. A single floor centralised section ensures better control and supervision of staff and proper utilisation of available storage space.[16)]

Any design of a centralised inventory section must of necessity consider the need for sufficient storage area, both for current and reserve stocks, convenience for receiving and issuing and despatching of goods, loading and unloading facilities and office space to accommodate the stores staff.[17)]

Most universities have special provisions for receiving and issuing of inflammable and dangerous chemicals and gas. In these instances it may be necessary to have a separate storeroom to handle such items because of restrictions and specialised methods necessary for receiving and issuing items of this nature.[18)]

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15. Ritterskamp, et al op.cit. p. 113.
16. Loc.cit.
17. Loc.cit.
18. Ibid., p.114.

The good layout of the inventory section is considered essential for efficient receipt and issue of goods. The objectives in this regard are as follows:[19)]

- allow a smooth straight-line flow of movement through the stores with the least amount of backtracking;
- reduced handling and transportation of stocks;
- least amount of travel and waste motion for inventory personnel;
- efficient and effective use of available space; and
- ensure provision for flexibility and expansion of the layout of the inventory section.

In determining the manner of storing of materials, the following information should be obtained for each item of stock:[20)]

- the space required to adequately store the item;
- the frequency and quantity of issues;
- the unit of storage, singly, pairs, dozens;
- the quantity that should be stored for as current; and reserve stock; and
- the type of storage facility that is best suited to the nature and type of stock item, that is, size, weight, shape and handling ease.

When obtaining the above information the possible future needs of requisitioning departments for such items should also be considered. If there is a possibility of increasing quantities, pre-planning should ensure sufficient space is available for new stocks.[21)]

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19. Lee and Dobler, op.cit., p.358.

20. Ibid., p.355.

21. Loc.cit.

Generally, the following types of items are used for storing of stocks:[22)]

- pallets and skids;
- open and closed shelving;
- cabinets;
- bins;
- stacking boxes;
- special storage racks;
- gravity feed racks; and
- outdoor platforms and racks.

The most important objective of storing is to minimise deterioration, spoilage and pilferage. For example, items such as screws and bolts are subject to rust or corrosion and must be stored in dry areas and covered with suitable rust protective compounds.[23)]

Ritterskamp et al advise as follows in respect of material storage at universities:

"A majority of items can be stored most economically on shelves or in bins, arranged in aisles for conservation of space and ease of access. Racks are more suitable for rope, wire, cable, tires, belting, pipe, conduit and similar items. Equipment, such as desks, files, chairs, and cabinets, can merely be arranged on the floor in compact groups. Bulk storage must be provided for items like cement, lime, plaster, barrels of cleaning products, and also for reserve stocks of fast-moving items such as mimeograph paper, lamp bulbs, paper towels and napkins. Main aisles should be wide enough for traffic use and space between shelving should be sufficient to allow for passage of dollies or carts used to replenish stocks and accumulate orders for delivery." (24)

In this discussion on organisational arrangements, the division of work, centralisation, the closed inventory system and the importance of the location and facilities were highlighted. The relationship must be seen in respect of the worker and his environment, both are central to the efficient and effective operation of a central inventory section.

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22. Loc.cit.
23. Lee and Dobler, op.cit., p.356.
24. Ritterskamp, et al op.cit., p.114.

5. STAFFING, PROVISION AND UTILISATION FOR THE INVENTORY FUNCTION

Once the organising arrangements have been made, it is necessary to recruit personnel in order that the work may begin.

Cloete, emphasises the need for qualified personnel in public institutions to provide the necessary goods and services as follows:

"Every public institution requires stores to keep on functioning. By making continuous projections each public institution usually ensures that it always has sufficient stores to deliver the public goods and/or services expected of it. It is also known that it could sometimes take years to manufacture according to the specific requirements, the stores and equipment needed by the public institution concerned. In the same way it is well-known that every public institution will always need sufficient qualified personnel to function efficiently. However, there are few public institutions which ensure in an orderly manner that they have sufficient appropriately trained, experienced and developed personnel to enable them to function effectively and efficiently."(25)

Westing, et al reiterate this viewpoint in the sphere of the inventory function that it "... is frequently and erroneously looked on as a clerical activity to be assigned to a poorly paid clerk. This attitude is unfortunate, because the careful handling of stores and maintenance of accurate control over them are essential to efficient operations." (26)

The inventory personnel are important to the success of the inventory function. Therefore, such personnel must be well qualified to execute the functions assigned to them. With technological developments, such as the increasing utilisation of computers in the inventory function, personnel must possess the necessary knowledge and skills.

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25. Cloete, J J N : Personnel Administration, J L van Schaik, Pretoria, 1985, pp. 129-130.

26. Westing, J H , Fine, I V and Zenz, G J : Purchasing Management : Materials in Motion, Fourth Edition, John Wiley and Sons, New York, 1976, p.22.

Their intention should be to pursue further studies in the field of inventory or stores administration. Several South African technikons offer a three year national diploma course in purchasing and stores administration which adequately covers both fields.[27)]

In addition to aspects such as education and training the necessity for job description is emphasised. In this regard Ritterskamp, et al define the importance of job description as follows:

"A job description gives the title of the position and indicates the officer to whom the person will be responsible. It then spells out the objectives of the department and the area for which the individual will be responsible." (28)

After the staffing needs have been met it follows that methods and procedures must be determined to execute the inventory function.

6. METHODS USED IN THE INVENTORY FUNCTION

Methods are specific patterns of operation. It includes different systems and approaches to achieve a specific objective. In the inventory function the following aspects are highlighted:

(i) approaches used in identification of stocks;
(ii) systems used in inventory control of stocks; and
(iii) economic order quantity model.

6.1 APPROACHES USED IN IDENTIFICATION OF STOCKS

Before proceeding to detail the various approaches for identification it is necessary to determine the nature of the items to be identified.

The general view is that a central inventory section should stock items most commonly used by the majority of departments within an institution. This would include items required by service departments.

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27. Colvin, I and Thorne, B: "Professional Development" in Fearon, H E and Hamilton K : Purchasing in South Africa, McGraw-Hill Book Company, Isando, pp. 321-322.

28. Ritterkamp, et al op.cit., pp.41-42., -vide Cloete, Personnel Administration, pp.77-78.

Ritterskamp, et al elaborate in this regard as follows:

"Such a classification would include, among others, office supplies and equipment, maintenance materials and laboratory supplies. These items that are in constant demand and lend themselves to standardi= sation and quantity buying, with consequent savings in the cost of purchase." (29)

According to Ritterskamp, et al items for academic use, such as laboratory supplies, chemicals and glassware, special instructional aids, and electronic components should only be stocked after joint consultations between the purchasing office and departmental personnel. 30)

All items must find acceptance by all end users. Of importance is that they should be informed of the range of items in stock. The correct identification of such items is imperative for smooth and efficient receipts and issues.

It has been established that the primary objective of the inventory function is to render an efficient and effective service to the various departments within the institution. However, this would not be possible without a system of identification of items stocked.

Lee and Dobler state the significance of identification as follows:

"The objective is to develop an unambigous identification system that facilitates clear internal communication. Ideally, this system should be designed so that it can be used effectively by all depart= ments in the firm. Clearly, the purchasing, inventory control and stores departments are critical areas where the system must provide consistent and unambiguous identification of materials." (31)

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29. Ritterskamp, et al op.cit., p. 116.

30. Loc.cit.

31. Lee and Dobler, op.cit., p. 346.

In order to identify stock items they require to be classified before a suitable coding system could be implemented. A classi= fication plan is concerned with grouping of similar items in a manner which facilitates easy identification by the user.[32)]

Durben, et al recommend in this regard:

"During the identification procedure it is advisable to record a dictionary of standard nomenclature for items within each classi= fication subdivisions so that uniformity may be maintained for all future usage. The dictionary will serve as a reference guide for identification and classification of new items and should be main= tained on a current basis as long as the date file is in use".(33)

A good coding system should be characterised by the following qualities:[34)]

- expandable : to provide for additional entries with classi= fication for new items. It should possess a capacity to expand current classifications and accept new ones for future needs;
- precise : the structure of the code should be clear so that only one code may be correctly applied to each item;
- concise : the code should have the least possible number of digits to accurately and clearly describe each item;
- convenient : it is easily understood and be simple to apply by all users;
- meaningful : a code should, if possible reflect some basic characterisation of the item; and
- operable : it should facilitate easy operation either on data processing machines or for manual reference.

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32. Durben, J N et al : "Elements of Inventory Control" in Greene, J H (Ed). : Production and Inventory Control Handbook, McGraw Hill Book Co., New York, 1970, p.14-8.

33. Ibid., p.14-8.

34. Loc.cit.

Lee and Dobler describe three approaches used in developing a coding system for identification purposes, these are:[35]

- arbitrary approach;
- symbolic approach; and
- engineering drawing numbers.

6.1.1 Arbitrary Approach[36]

In the arbitrary approach items are simply allocated arbitrary numbers in sequence. Although each is a discrete number it bears no relationship to the numbers assigned to related items. This method is poor with little value in its application.

6.1.2 Symbolic Approach[37]

The symbolic system could be either numerical or mnemonic. A numerical system assigns a six to ten digit code number to each item. These numbers indicate classification, sub-classification and item code. This method provides a complete and ordered framework which facilitates easy and unambiguous identification by all users.

A mnemonic system functions in the same way as a numerical system but combines numerical and alphabetical notations in its symbols. This system is popular if few items are involved. It makes visual identification easier because it is more descriptive and often shorter. As more and different types of stock items are added to the inventory listing, this advantage diminishes because the number of good symbols is limited.

6.1.3 Engineering Drawing Numbers[38]

The engineering drawing numbers system is used mainly by companies manufacturing stock parts. The stock item is identified in terms of its engineering drawing number. It is effective and simple as it

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35. Lee and Dobler, op.cit., pp. 347-348.

36. Loc.cit.

37. Loc.cit.

38. Loc.cit.

directly refers to the technical data source for the part. As such it is easily understood by all institutional personnel and thus promotes clear interdepartmental communication. However, as this only covers manufactured parts within the institution it means a separate system must be devised for other stock items purchased.

Of these approaches the symbolic approach is best suited to universities which require an ordered system that facilitates easy identification of stock items.

Once identification is completed it is necessary to formulate an inventory catalogue [39] of all items held in stock. Such a catalogue should include details such as:[40]

- catalogue number;
- description of item;
- unit of issue; and
- approximate price.

The catalogue may be formulated either in an alphabetical or numerical sequence or using a combination of both to reflect the items in stock.

The advantage of a catalogue is that it removes confusion and doubt and serves as a medium of communication for all personnel requiring stocks. It also acts as an operational manual and record that facilitates the work of the inventory section.

6.2 SYSTEMS USED IN CONTROL OF INVENTORY ITEMS

The need for the control of inventory items is to closely monitor stock levels. This is considered to be crucial in manufacturing industries which may require materials urgently for production purposes. Any delays in this regard may stop production and prove to

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39. Ibid., p.190.

40. This type of catalogue is used in the three universities studied.

be a costly and an unnecessary expense for the company. As soon as the stock level drops to a critical point, that item must be imme= diately re-ordered to replenish stocks.

Lee and Dobler identify three basic systems which can be used to control inventory items, and these are listed as:[41)]

- cyclical ordering system;
- fixed order quantity system; and
- materials requirement planning system.

A brief overview of these systems are given.

6.2.1 Cyclical Ordering System[42)]

The Cyclical Ordering System is a time-based method which necessi= tates scheduled periodic stocktaking of all inventory items. The stock levels can be monitored by physical inspection, by visual re= view of perpetual inventory cards, or by use of computer surveillance. In a small inventory section the simplest method would be a physical count of all inventory items. In a larger institution, such as a university, the inventory records which reflects receipts, issues and balances could be reviewed. This method could be maintained manually by record cards or tally cards or by the use of the computer.

This system is well suited for the planned acquisition of stocks such as steel and glass because of infrequent schedules maintained by suppliers of these items. It is also favoured for items used on an irregular or seasonal basis because the purchase of such items require advance planning on the basis of possible use.

The system is considered disadvantageous because:

- it necessitates a periodic stock review which is laborious and time consuming;

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41. Lee and Dobler, op.cit., p.194.

42. Loc.cit.

- there are differing rates of usage of each stock item and consequently there are occasions when stocks may be exhausted before the next scheduled review date. This necessitates a minimum balance for each item which serves as an indication for a re-order for an item being used increasingly;

- the cyclical system demands that specific order quantities be purchased for a specified period of time, before the next scheduled review date. This may mean that the actual order quantities may deviate either marginally or substantially from the optimum level required. This implies that inventory costs for such items increases. This does not auger well for an efficient and effective system of inventory control; and

- the system tends to increase the purchasing work load around the scheduled review dates, for re-ordering purposes.

6.2.2 Fixed Order Quantity System[43]

The Fixed Order Quantity System is also referred to as the minimum-maximum inventory system.[44] It is based on the ordering of a fixed quantity or an optimum order level for each item. The method requires the following operation:

"1. The predetermination of a fixed quantity to be ordered each time the supply of the item is replenished. This determination typically is based on a consideration of price, rate of usage, and other pertinent production and administrative factors.

2. The predetermination of an order point, so that when the stock level on hand drops to the order point, the item is automatically 'flagged' for record purposes. The order point is computed so that estimated usage of the item during the order lead time period will cause the actual stock level to fall to a planned minimum stock level by the time the new order is received.

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43. Loc.cit.

44. -vide Westing, et al op.cit.,pp. 175-177.

Receipt of the new order then increases the stock level to a planned maximum figure." (45)

Basically the method entails maintaining a perpetual inventory record for each item. This may be executed manually or by computer. Once the balance of an item falls to its ordering point, the purchasing department is notified to replenish stock. This implies that the stock item is at all times between the maximum and minimum inventory level.

The advantages of the system are:

- acquisition is made in an efficient manner by purchasing economical quantities;
- only items which require to be re-ordered are involved thus reducing manpower, time and effort;
- by manipulating the desired stock levels between the minimum and maximum quantity a positive control over the total inventory investments is made possible.

The limitations of the system are, inter alia:

- it becomes extremely cumbersome to operate efficiently and effectively when materials have unstable usage patterns and lead times
- it is subject to error in posting and issuing of stocks.

6.2.3 The Materials Requirement Planning System[46]

The Materials Requirement Planning System is referred to as MRP and is extensively utilised in the private sector by huge manufacturing concerns for production and inventory planning.[47]

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45. Lee and Dobler, op.cit., pp. 195-196.

46. Heinritz, S F and Farrell, P V : Purchasing Principles and Applications, Sixth Edition, Prentice-Hall Inc., Englewood Cliffs, 1981, p.183.

47. Lee and Dobler, op.cit., p.197.

It relies heavily on the computer to store data, analyse it, manipulate it and produce the required information at great speed.

The system is initiated with a master production schedule which really is a statement of requirements for finished products, by a specific date and quantity. Thereafter a bill of materials is drawn up reflecting all the necessary components and raw materials required to complete the manufacturing process of such items. Here, the valuable role that the computer plays is highlighted. It calculates the required quantities by consideration of such aspects as, inter alia, usage,changes and adjustments to bill of materials, lead times for purchasing and manufacturing and the ordering status.

In brief, this system specifies,inter alia, the quantity and nature of item to be purchased, the time such orders must be placed and when such deliveries should be scheduled for receipt.

These systems place emphasis on items held in stock in the inventory section. It is however, necessary for the control of all stores and equipment within an institution. In this regard it is essential to maintain a perpetual inventory record. This concept shall be highlighted in the discussion on inventory forms under procedure.[48]

6.3 ECONOMIC ORDER QUANTITY MODEL

Any of the aforementioned systems discussed could be used as a basis for re-ordering of stocks, that is, cyclical, fixed order quantity and the materials requirement planning systems.

However, since each of these methods have their disadvantages, Lee and Dobler[49] advocate the use of the economic order quantity concept which assists in determining the most advantageous order quantity to purchase for a specific item.

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48. See infra., p. 238.

49. Lee and Dobler, op.cit., p.200.

The reason for the use of economic order quantity concept is to determine the quantity to purchase at any given time which will achieve the lowest cost per unit.[50]

Costs are always involved in the replenishment of stock. When using the economic order quantity method it is necessary to determine such costs.[51] Basically, there are two cost factors, the cost of writing a purchase order, referred to as acquisition costs and cost of stocking materials called carrying costs.[52]

6.3.1 Acquisition Costs[53]

The acquisition costs are incurred everytime a purchase order is issued. All departments which are involved in the issue of an order, that is, purchasing, receiving, inventory and accounts departments, contribute to this cost. Besides this, there is an additional cost, referred to as incremental costs which also effects the total acquisition costs.[54]

Incremental costs are defined as the costs which actually change as a result of making a particular operating decision. For example, if the quantity of orders issued decreases, the incremental costs will also decrease. Therefore, in reality incremental costs change as an order quantity changes. A consideration of both departmental operation costs as well as incremental costs determine the total acquisition costs of an order.

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50. Westing, et al op.cit., p.163.

51. Lee and Dobler, op.cit., p.200.

52. Westing, et al op.cit., p.164.

53. Lee and Dobler, op.cit. pp. 203-204.

54. Heinritz and Farrell, op.cit., p.150.

6.3.2 Carrying Costs[55)]

The cost of carrying items in stock is high and estimates in the private sector may vary between 10-35% depending on the nature of the stock and economic conditions.

Table 4 reflects the components and the percentage ranges of carrying stock.

TABLE 4 : COMPONENTS AND PERCENTAGE RANGES OF CARRYING COST [56)]

COMPONENTS	PERCENTAGE RANGES
Interest cost	4 - 15
Obsolence and deterioration	2 - 8
Storage	2 - 5
Insurance	1 - 4
Taxes	1 - 3
Total cost	10 - 35%

Carrying costs,such as interest on investment (inventory),insurance, property taxes, storage and obsolence and deterioration,all contri= bute to the total carrying costs of inventories. Since items differ in nature, and characteristics, it is reasonable to calculate carrying costs on an average with an inherent flexibility for adjustments as accurate information becomes available.

Heinritz and Farrell[57)] propose an alternative method which is con= sidered to be more realistic. It is a four fold classification of items according to specific groups with similar characteristics and by determining an average carrying cost for each group. This may range from 10 to 50 per cent. This method is considered more realistic and valuable in determining the economic order quantity.

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55. Westing, et al op.cit., pp.164-165.

56. Ibid., p. 165.

57. Heinritz and Farrell, op.cit., p. 152.

6.3.3 Computation of the Economic Order Quantity Model

Once the acquisiton and carrying costs have been established then the economic order quantity can be determined. Heinritz and Farrell[58] add that the optimim ordering quantity is directly related to a single variable and the total annual usage of the item.

The economic order quanitity can be computed as follows:[59]

$$EOQ : \frac{2x \text{ Annual usage x Acquisition Costs}}{\text{Unit costs x Carrying cost}}$$

which can be algebracially shown as:

$$EOQ = \frac{24\ dB}{CI}$$

Where EOQ = Economic order quantity
d = monthly usage in units
B = acquisition or order cost in value
c = unit costs in value
I = carrying cost

The system has found popular acceptance in large manufacturing industries in the private sector. It has several limitations and benefits. These are briefly viewed.

6.3.4 Limitations of the Economic Order Quantity Model

- this method was primarily devised for determining production quantities but was adopted for purchasing by substituting ordering costs for machine set-up costs. This aspect is criticized by many persons who persist that ordering costs are trivial and undeterminable;[60] and

58. Loc.cit.

59. Loc.cit.

60. Westing, et al op.cit., p.171.

- the formula does not actively consider such changing conditions as, inter alia, quantity discounts, transport costs, price changes, and demand variations. Such limitations have to be rectified with specific adjustments to the formula.[61] Hence, making it complicated and difficult to apply.

Any formula must be interpreted and implemented with commonsense and judgement. Regardless of what the economic order quantity may be, bulky items should be ordered when storage space is available because a lack of it could limit the quantity which could be effectively handled by the inventory section. Nor is it wise to order items which have a limited shelf life in large quantities because of the possibility of deterioration. Purchase of such items as, inter alia, cement, batteries, photographic paper and cellulose tape should be ordered with caution.[62]

6.3.5 Benefits of the Economic Order Quantity Model[63]

- this method is becoming popular because of the substantial savings and benefits which result from its implementation. It reduces inventory carrying costs as well as inventory ordering costs;

- with the use of this formula purchasing officers no longer have to rely on their experience or intention to determine the most economic ordering quantity. It ensures improved performance in the purchasing function, saving both effort and energy ;

- for a larger number of stores and supply items the formula can be relied on completely, thus relieving the purchasing officer of all responsibility in this regard and resulting in correct decisions which are reflected in excellent performances; and

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61. Loc. cit.

62. Heinritz and Farrell, op.cit., p. 154.

63. Loc. cit. Ibid., p. 155.

- the formula replaces fact for judgement. It establishes a definite relationship between significant variables in the situation thereby eliminating the need for personal judgement ensuring that quantity decisions are consistent and in accordance with purchasing policy. The formula lends itself to easy calculation and analyses on the computer and also can be converted into a read-off table for quick and direct reference with the least effort.

The economic order quantity concept is proving to be a widely used method for determining and ensuring cost-effectiveness.

"Methods" define the approach and "procedures" detail the manner in which work must be executed. The discussion on procedures used in the inventory function follow.

7. PROCEDURES CONSTITUTING THE INVENTORY FUNCTION

Before proceeding with the discussion on procedures, it is important to emphasize the role of inventory records which are essential for the execution of the inventory function.

7.1 INVENTORY RECORDS

In this regard Melintsky emphasises that records serve as[64)]

- an administrative aid : records aid in the administrative function, such as facilitating the exercise of authority and responsibility for the university control function. It also assists in personnel needs of the department as it reflects the past, present and anticipated work loads of the section;

- a protection against dishonesty: stock records act as a measure of control against malpractices and misappropriation by staff. It acts as a deterrent and a good control system should provide an easy means of detection;

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64. Melintsky, B : Industrial Storeskeeping Manual, Chilton Company, Philadelphia, 1956, pp. 63-66.

- a protection against carelessness : the human element may cause errors in receipts, issues and in stocktaking. A planned record system provides methods of correction, for example, when receiving goods, the delivery or packing note is checked against the copy of the purchase order;

- a corporate memory : records serve as a 'corporate memory' on which one could rely and it does not share the failings of its human counterpart. The records are always there when required for reference;

- a basis for future action : changes for the future in procedures, methods and operations could be determined on the basis of past action and results;

- an evaluation media : records serve to assist in the evaluation process; it reveals good performances and errors of the past. It is therefore able to direct the institution to an efficient and effective system;

- an historical data : in form of microfilming, provides the means for evaluating individual department's and the institution's performance;

- a legal value : records provide the basis for legal action either in supporting or refuting claims. They act as proof of legal status, regarding, inter alia, ownership, right to use or legitimacy of institution's actions;

- a financial worth : inventory records provide actual and complete cost, operations, reflect the value of stores and equipment, enables inventory adjustments and ensures prompt payment of accounts;

- a legislative worth : public institutions, such as universities, are able to justify their actions by providing substantiating records and documents to their auditors, the public and Parliament; and

- an aid in reducing costs : updated and efficient recording system provides the basis for important decisions to be made promptly by executives. This may otherwise prove to be a costly exercise when manpower, effort and time is required to collect, assimilate and analyse the required information.

The basic inventory record in use is the perpetual inventory record.[65]

Durben, et al define its nature and form as follows:

"The perpetual inventory record is a continuous account of the in= coming materials, outgoing materials, and the balance on hand. It takes many forms. It may be a card record system, a page in a ledger book, a visual control board, or a tag tacked to the bin where the material is stored." (66)

This record could be maintained manually or by mechanisation or by computerisation. Heinritz and farrell elaborate in this regard as follows:

"... mechanised or computerised records have almost totally re= placed manual methods of record keeping. This has not only elimi= nated many hours of tedious clerical effort and minimized errors of transcription and calculation, but it provides a far more useful management tool by making it possible to present more complete information in an analytical form, more quickly and at more frequent intervals". (67)

All perpetual inventory records must be checked periodically against actual stocks. This ensures accuracy of the record and necessitates adjustments in the event of any discrepancies. However, efficient and effective administration of the inventory control

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65. See supra., p. 230.

66. Durben, et al op.cit., p.14-15.

67. Heinritz and Farrell, op.cit., p.181.

function necessitates at least one complete physical stocktaking to be performed annually.[68]

The perpetual inventory record serves both for inventory items held in stock as well as for stores and equipment within the institution.

Public institutions, such as universities, also require to establish their total inventory costs, which would include value of stocks in the stores as well as the value of all assets, stores and equipment within the institution.[69] Therefore, a physical and complete stocktaking is executed by departments under the direction of either stores staff or personnel appointed specifically for such tasks.[70] It may include faculty members, or a special branch of personnel who perform such functions under the control of the University's finance division.[71]

Records and forms are essential for execution of procedures. Bennett and Ritzman stress the importance of procedures as follows:

"Procedures are plans prescribing predetermined and standard methods of handling repetitive activities in the future. They are subordinate to policies and specify in detail the exact manner of accomplishing some activity, generally in chronological sequence". (72)

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68. Loc.cit.

69. Such information forms part of the financial statements and reports required for annual SAPSE reporting to the Department of National Education, see supra., p. 61.

70. The Inventory Sections at the University of Durban-Westville and Zululand execute the inventory control function both for stock items as well as for all other stores and equipment on campus.

71. The University of Natal has a separate section, that is, the Asset Control Section, which is responsible for marking and control of all stores and equipment on the campus.

72. Bennett, H and Ritzman, L (Eds.) : "Management of the Production Control Department", in Production and Inventory Control Handbook McGraw-Hill Book Company, New York, 1970, p.2-6.

Procedures are essential to accomplish the outcomes constituting the inventory function which Ritterskamp details as

"... the receipt, inspection and checking of materials, their storage and protection, issuance and delivery to departments upon approved requests, maintenance of stock by means of requisitions on the purchasing department, the keeping of records of receipts and disbursements of stock items, the operation of a perpetual inventory, the approval of invoices, the preparation of monthly statements to departments, the maintenance and training of a competent staff and the accountability for all stock items and equipment." (73)

From aforementioned extract, procedures in respect of the following primary functional activities which constitute the inventory function shall be discussed:

- receiving;
- issuing;
- inventory control;
- determination of re-order quantities;
- costing; and
- disposal of unservicable, obsolete and redundant items.

7.2 RECEIVING

Generally the receiving procedure at both public and private institutions are the same. The receiving section is normally a part of the inventory section, although in large industrial concerns it may be established as a separate unit. (74)

Lee and Dobler emphasise the responsibilities of the receiving section as follows:

"The receiving department is responsible for the expeditious receipt, identification and general inspection of all incoming materials.

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73. Ritterskamp, et al op.cit., p.118.

74. Mason, et al "Physical Control of Inventories" in Production and Inventory Control Handbook, op.cit., p. 15-18.

Receiving is also responsible for promptly notifying all interested parties of the receipt and condition of incoming materials". (75)

All items delivered to the receiving section should be inspected and accepted. The receiving officer must ensure before acceptance, that he is able to identify the purchase order number, the nature, description and quantity of goods. Such particulars must be veri= fied against the suppliers 'packing or delivery note' and the 'purchase order' from the 'awaiting delivery' file.[76)]

Once satisfied, the receiving officer must complete the 'goods received note' which serves as a receiving report.[71)]

The receiving report or 'goods received note' requires the following basic information:[78)]

- date of receipt;
- method of shipment;
- purchase order number;
- department's name;
- description and quantity of items:
- stock code number;
- signature of compiler; and
- signature of receipient.

The above form is generally completed in triplicate and the distribution is made as follows:[79)]

- original copy to accounts payable section;
- copy to the department; and
- copy is kept on Inventory Section's receiving file.

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75. Lee and Dobler, op.cit., p. 343.

76. Mason, et al op.cit., pp.15-18.

77. Loc.cit.

78. Ritterskamp, et al op.cit., p.87.

79. This format of distribution is used at the University of Durban-Westville.

With the increasing use of electronic data processing equipment, such information is directly computed from a terminal (CRT) in the receiving department.[80]

Some other institutions do not complete any documentation, but accept the packing slip or delivery note as a receiving report. Others use the copy of the stores purchase order for this purpose.[81]

The importance of thorough scrutiny of goods by the receiving section is stressed by Lee and Dobler who state in this regard that

"Any problem or error in a specific purchase transaction should come to light during the receiving operation. If the problem (shortage in quantity, damaged material, wrong items, etc.) is not detected and corrected during the receiving operation, the cost to correct the mistake later is much higher." (82)

For most shipments of goods a visual physical check is sufficient. However, where there is a need for expertise in the inspection process, for example, when receiving specialised items for research or instruction, then departmental personnel should be called on to assist in verifying for authenticity and acceptance.[83]

7.3 ISSUING

It is important that there is a written record of every stock transaction and that every issue must be supported by a receipt.[84]

All issues from the inventory section should be executed on the basis of a stock issue 'requisition'. The requisitioning department forwards a 'requisition' signed by the head of department or his

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80. Lee and Dobler, op.cit., p.346. CRT is a cathode ray tube, which is a display terminal used for input and checking of data.

81. Loc.cit.

82. Loc. cit.

83. Heinritz and Farrell, op.cit., p.50.

84. Ritterskamp, et al op.cit., p.120.

authorised representative, for the items required.

Such a form should reflect the following data, inter alia:[85]

- date;
- departmental name and code;
- catalogue number of items;
- description, quantity and price;
- budget allocated code; and
- authorized signatures for receiving and issuing.

The 'requisition' form is completed in triplicate and distributed as follows:[86]

- the original and first copy is forwarded to the inventory section;

- the third copy is retained by the department for record and checking purposes.

Once the items have been costed the second copy of the 'requisition' is returned to the department reflecting the value of goods supplied. The original is used to debit the department's account with the costs incurred.

All materials used by the service departments for a specific job must be issued and costed out against job requisitions, which are similar to stock requisition forms but allows for cost of labour.[87]

Small items which are not in frequent demand and, therefore, do not warrant stocking may be purchased and collected from a pre-selected supplier on an authorized 'purchase order' issued by the inventory section. The supplier would bill the inventory section on a monthly basis for all such purchases. This procedure allows for the better utilization of storage space and ensures a saving in time and effort normally spent in purchasing and stocking-up of such items.[88]

85. Mason, et al op.cit., pp.15-23.

86. This distribution format is used by the University of Natal.

87. Ritterskamp, et al op.cit., p.121.

88. Loc.cit.

Prompt billing executed regularly are necessary to ensure that the requisitioning departments do not exceed their budget allocations.[89]

The responsibility for safeguarding all materials, parts, supplies and other stock items is the function of the inventory section. Therefore, such items form part of the physical inventory of the institution and must not be issued without proper authorisation.[90]

7.4 INVENTORY CONTROL

Inventory control as the primary inventory function is defined as follows:

Westing, et al state :

"The purpose of inventory control is the preservation of an adequate and balanced inventory of materials and supplies with a minimum investment, so as to reduce storage and handling costs, obsolence and deterioration risks, insurance and interest charges and the risks of price level changes". (91)

Morrison is of the view that

"(Inventory) Control is the operation of continuously arranging receipts and issues to ensure that stock balances are adequate to support the current rate of consumption, with due regard to economy".(92)

Inventory control at universities could be executed in any one of the three systems[93] discussed, that is:

(i) Cyclical Ordering System;
(ii) Fixed Order Quantity System; and
(iii) Materials Requirement Planning System.

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89. Loc.cit.

90. Mason, et al op.cit. p.15-21.

91. Westing, et al op.cit., p.23.

92. Morrison, op.cit., p.3.

93. See supra., p. 227.

In the three universities studied the fixed order quantity system is used, which is, inter alia, dependent on the rate of usage. This means that a predetermined or fixed quantity is ordered each time the supply of an item is replenished. This system requires a perpetual inventory record for each item and may be executed manually (by use of record or tally cards) or by the use of computers.

7.5 DETERMINATION OF RE-ORDER QUANTITY[94)]

The determination of re-order quantity revolves around many factors, for example, demand of item, nature of item, and storage facilities.

In the university environment, the determination of re-order quantity is based on demand. The private sector is profit oriented, and extensively uses the economic order quantity model to ensure that the item intended for purchase is obtained at the lowest cost per unit.[95)]

None of the universities studied uses this model which aims at cost effectiveness of operations in a systematic and rational manner.

7.6 COSTING[96)]

All items issued form the inventory section are costed out to requisitioning departments. Adequate procedures in this regard is essential for control purposes.

Personnel responsible for the costing function should not be involved in the inventory function as well. This may otherwise give rise to possible malpractices.

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94. See supra, p.227. The determination of the re-order quantity can be based on any of the inventory control systems discussed. The most economic quantity to order, that is, to purchase at the lowest cost per unit, is determined by the economic order quantity model.

95. Heinritz and Farrell, op.cit., p.154.

96. Ritterskamp, et al op.cit., p. 125.

The prices to be charged for items is generally determined by stated policies in this regard. This may be on a mark-up basis to cover cost of operations or it may be wholly supported from a central fund with debits being raised against the Inventory account, or debited to the account of the user-department.

The billings made to requisitioning departments may be executed at regular intervals, and may be on a monthly basis or after each and every issue. Such statements are sent to the department concerned with supporting documentation, such as, a copy of the 'requisition' or a signed 'issue voucher'. Such documents could be used to verify whether items were received and charged out correctly. It also serves as a budgetary control measure which ensures that departments do not exceed their budgetary allocations.

The inventory section must report on an annual basis on the complete stock inventory, receipts, issues and actual balances of items. This report is intended for executive officials who determine its financial standing as well as the efficiency and effectiveness of operations executed by the section.[97] In the universities such a report is also used for SAPSE reporting purposes.[98]

7.7 DISPOSAL OF UNSERVICEABLE, OBSOLETE AND REDUNDANT ITEMS[99]

In the private sector, the term used for unserviceable, obsolete and redundant items is "industrial surpluses" which originates from:

- scrap and waste
- surplus obsolete or damaged stocks and
- surplus obsolete or damaged equipment.

These items are disposed by a salvage and reclamation department in a large private undertaking. The basic objective of the department is to dispose of such surpluses at an optimum profit level.

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97. Loc.cit.

98. See supra., p. 61.

99. Lee and Dobler, op.cit., p.365.

At public institutions, such as universities, these items are placed before a special committee of council, which reviews each item and determines the course of action that should be taken. For example, it may recommend:[100)]

- cannibalising of the equipment;
- selling as scrap;
- if serviceable, offering it to other institutions, such as schools; and
- selling by public auction.

Monies realised are normally debited to university's revenue account.

A new feature in regard to the disposal function has been introduced by the South African Universities Purchasing Consortium from June 1986. This entails the publication of a booklet by the Consortium which reflects all serviceable surplus items offered for sale by member universities. Any university interested in an item may consult the university selling it directly.[101)]

8. CONTROL

Control is an integral part of the process of administration and particularly of the inventory function. Control is exercised both internally and externally. Internally, periodic checking and stock=taking is executed by the inventory functionaries. A sample audit is also carried out by the internal auditors. External control is performed by the official university auditors who submit a report on their findings to the council of the university.

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100. This method of disposal is used at the Universities of Durban-Westville and Zululand.

101. Discussions with Mr M T Govender, the National Regional Chairman of the University Purchasing Consortium on Tuesday, 16 September 1986.

9. SUMMARY

The inventory functions aims at receiving, issuing and monitoring of all stores and equipment purchased by the university as effectively and efficiently as possible. The importance of the inventory function may be viewed in terms of the financial investment it represents. In the execution of the inventory function the generic administrative processes of policy-making, financing, staffing, organising, methods and procedures and control together with the other functional and auxiliary processes, are necessary for optimum efficiency and effectiveness of operation.

The inventory function may be executed in different organisational structures, such as centralised or decentralised structures, and a closed or open inventory system may be adopted.

Inventory functionaries must be well qualified to execute the functions assigned to them. With increasing technological sophistication in the work environment, personnel must possess the necessary knowledge and skills.

Methods are specific patterns of operation, and in the inventory function different approaches may be used in stock identification and control.

Procedures must be clearly stated in respect of receiving, issuing, inventory control, determination of re-order quantities, costing and the disposal of unserviceable, obsolete and redundant items.

Finally, control is necessary to evaluate and appraise the inventory function as a whole.

In Chapter X the operational aspect of the inventory function at the universities of Durban-Westville, Natal and Zululand shall be discussed.

CHAPTER X

THE INVENTORY FUNCTION AT THE UNIVERSITIES OF DURBAN-WESTVILLE, NATAL AND ZULULAND AND THE NORMATIVE FACTORS OF PUBLIC ADMINISTRATION IN STORES FINANCIAL ADMINISTRATION

1. INTRODUCTION

In the previous chapter the administration of the inventory function of a university was discussed. The activity was considered important as it provided common items for use by the various requisitioning departments, as well as the maintenance of a perpetual record of all stores and equipment within the institution.

In this chapter attention is focussed on:

- operational aspects of the inventory function pertaining to the universities of Durban-Westville, Natal and Zululand;
- a comparison of the operational aspects of the inventory function at these universities; and
- adherence to the normative factors of public administration in stores financial administration.

2. THE INVENTORY FUNCTION AT THE UNIVERSITIES OF DURBAN-WESTVILLE, NATAL AND ZULULAND

The importance of the inventory function has been stressed as it aims at receiving, issuing and maintaining a record of all stores and equipment. In the discussions which follow, the inventory function at the three universities shall be highlighted.

2.1 UNIVERSITY OF DURBAN-WESTVILLE[1)]

The University of Durban-Westville spent an amount of R1,8 million on equipment purchases in 1985 and currently its total value of fixed assets is estimated at R10 million.

The inventory function at this University is performed by the Inventory Section in terms of the Rules Governing the Purchase and Control of Stores and Equipment.[2)]

The Rules set out the procedure for the administration of the inventory function in terms of paragraphs 41 to 71.

The Rules also serve as a policy-document as it has been approved by the Council of the University. Paragraph 44 of the Rules highlights the importance of the inventory function:

"Stores and equipment shall be suitably housed and arranged in such a manner as to facilitate handling and checking and care shall be taken to prevent damage or deterioration. Personal responsibility shall be definitely fixed and during the absence of the responsible officers, buildings and yards containing stores and equipment shall be securely locked." (3)

The monitoring and record of all equipment purchased by the departments is also a function of the Section.

Policies and procedures are determined by high-ranking administrative officials and are approved by Council prior to implementation. In order to carry out the function it is necessary to ensure adequate organisational arrangements. The organisational structure of the Section is reflected in Figure 11.

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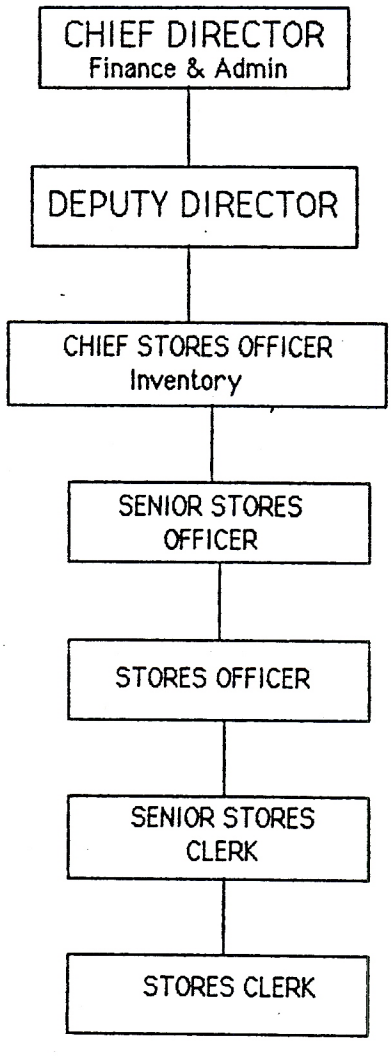
1. Much of the information has been obtained from discussions with high-ranking personnel at the University and in particular from the Deputy Director (Purchases, Stores and Budget Control).

   The Section which executes the inventory function at the University is referred to as the "Stores Section". For the purposes of uniformity this Section is referred as the "Inventory Section", see supra., p.210.

2. University of Durban-Westville : Rules Governing the Purchase and Control of Stores and Equipment, Durban, pp. 8-12.

3. Ibid., p.8.

FIGURE 11
THE ORGANISATIONAL ARRANGEMENTS OF THE INVENTORY SECTION AT THE UNIVERSITY OF DURBAN-WESTVILLE



The officer responsible for the operation and control of the Section is the Deputy Director (Purchases and Stores) who is accountable to the Chief Director (Administrative). Since the inventory function is interrelated and mutually inclusive with the purchasing function, the Deputy Director is aptly placed to administer both activities.[4)]

The Chief Stores Officer is responsible for the day to day administration of the Section, with the assistance of the senior stores officers as well as the stores officers.

The functions of the Chief Stores Officer, inter alia, are as follows:

- accountable for the proper maintenance of all inventory records
- must ensure that the procedure and methods contribute effectively and efficiently to goal realisation of the Section
- provide an efficient service to the user-departments
- ensure cordiality and co-operation between inventory personnel and departmental personnel
- promote high ethical standards of conduct of his officers by himself setting such an example.

The University has a centralised inventory system which caters for such items as, inter alia:

stationery, protective clothing, office furniture, office equipment such as typewriters, and miscellaneous items such as plug tops, glass tumblers and water caraffes.

This Section does not carry maintenance items or consumable items such as chemicals and glassware for academic departments. These items are bought out on the basis of purchase order requisitions issued by the departments and delivered direct to the respective departments.

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4. See supra., p. 69.

The following components of the inventory function at this University would be viewed:

- receiving;
- issuing;
- replenishment of stock;
- stationery - receipts, issues and costing;
- replenishment and control;
- monitoring and control of all fixed assets[5)]
- disposal of unserviceable, redundant, and obsolete stores and equipment.

2.1.1 Receiving

The Rules state in this regard:

"34. Stores received shall be carefully examined before any carrier's delivery note is signed and any evidence of damage or short delivery shall be investigated immediately and particulars endorsed on the carrier's delivery note in order that a claim may be established.

"35. Stores received shall be taken on charge immediately and a receipt voucher passed in respect of the actual quantity received. The receiving officer shall immediately report any defect in quality and any stores received in a damaged condition. As soon as the relative documents are available they shall be handed to the Deputy Director who shall certify the correctness of the quantity and/or the extent of the damage and take the necessary action." (6)

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5. "Fixed Assets" are items which are marked and taken on charge on the perpetual inventory record. Fixed Assets are characterised by the following:
   - an acquisition value in excess of R50 for each unit;
   - an expected useful life in excess of one year, and
   - an identity which is not altered materially through use.

6. Rules Governing the Purchase and Control of Stores and Equipment, pp. 7.

The Inventory Section maintains an 'awaiting delivery' file of all outstanding orders or partially completed orders. This file is in alphabetical sequence for easy reference.

Although ideally all goods received should pass through the Section, this does not actually happen in practice. Many deliveries, and especially deliveries of large technical equipment are received directly by the requisitioning department.

It is necessary for all goods to be received by the Inventory Section as it facilitates input of data because the receiving function is computerised. Goods delivered to departments sometimes cause un= necessary delays with the result that an update on goods received is not accurate.

The goods which are received by a department are checked by the responsible officer against the department's copy of the purchase order for description, quantity and quality of items before the delivery note or packing slip is signed and the goods are accepted. The signed document must be forwarded to the Inventory Section immediately so that the 'goods received note' [7] could be completed.

This form is completed in triplicate by the Inventory Section and requires the following information:

- date;
- order number;
- department's name;
- supplier's name;
- item code - classification by the Inventory Section;
- quantity;
- compiling officer's signature; and
- receiving officer's signature

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7. See Annexure 24.

This form together with the accompanying proof of receipt is for= warded to the head of department for certification that the goods have been received in good order and condition. A copy of the 'goods received note' is retained as the departmental record whilst the two remaining copies are returned to the Inventory Section.

The Inventory Section then forwards a copy of the purchase order. the delivery note and the 'goods received note' to the Creditors Section for payment.

The above procedure is applicable if the items are correctly de= livered in quality, quantity and description. However, if after receiving the items the user-department or the Inventory Section wishes to return the goods, a 'goods outward note'[8] must be com= pleted in triplicate. The information required is similar to the 'goods received note', except that it acts as a credit facility and reduces the quantity of the item on the asset master file when computed.

2.1.2 Issuing

In this regard Rule 57 reads:

"Issues from stock maintained in a central store shall be made only on production of a requisition signed by an authorised officer."(9)

The Inventory Section is responsible for the issuing of:

- office furniture and office equipment;
- miscellaneous items; and
- stationery items.

The discussion on the issuing function shall be viewed in the categories stated above.

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8. See Annexure 25.

9. Rules Governing the Purchase and Control of Stores and Equipment, p.10.

2.1.2.1 Office Furniture and Office Equipment

Office furniture comprises, inter alia, office tables, bookcases, four drawer steel filing cabinets, stationery steel cupboards, office and typist chairs and carpets. Office equipment consists of, inter alia, manual and electric typewriters.

These items are purchased in lot quantities for stock from the Inventory Section's budget which specifically provides for this category of goods on its annual estimates.

These items are issued to both academic and administrative departments.

The request for such issues are directed through the Purchasing Office which ensures that provision for furniture and office equip= ment has been made on the requisitioning department's estimates.

Once satisfied the Purchasing Officer authorises a transfer of funds from the respective department to the Inventory Section's budget for the value of the furniture required. All issues are charged out on the basis of actual costs.

The authorised 'transfer of funds'[10] document accompanies the departmental request and is forwarded to the Inventory Section for attention.

The Chief Stores Officer checks the documentation when received and authorises the issue of the necessary furniture items. The issues from stock is made by an 'issue voucher'[11] form which is completed in triplicate and requires the following details:

- department to;
- department from;
- item description;
- quantity;

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10. See Annexure 26.

11. See Annexure 27.

- value;
- asset number;
- signature of issuing officer; and
- signature of receiving officer.

The items are forwarded to the respective department where an officer checks and acknowledges receipt of the item by signing for it. A copy of the 'issue voucher' is retained by the department for its records and the remaining two copies are forwarded to the Inventory Section for its file.

An asset number is reflected for all items of equipment which exceed a value of R50,00. This aspect will be explained in greater detail under 'Monitoring and Control of Furniture and Equipment.[12)]

A standardised list of office furniture has not as yet been formulated. Consequently, there is confusion as to the type of furniture items an employee should receive. These issues should be based on seniority levels of staff.

2.1.2.2 Miscellaneous Items

This category includes the issue of, inter alia, protective clothing such as overalls and dustcoats as well as plug-tops, water caraffes and glass tumblers.

2.1.2.2.1 Protective Clothing

These items are issued to academic and laboratory staff, as well as certain categories of artisans and general assistants. No standar= dised list of protective clothing is available. The issues are made to individuals on a one for one basis, that is, return the old or perished one to obtain a new one, except for initial issues. All items are controlled by obtaining signatures for receipts and issues for each type of protective clothing.

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12. See infra., p. 260.

The items are budgeted for by the Inventory Section and are not charged out to the respective departments. The entire cost of this exercise is borne by the Section.

2.1.2.2.2 Miscellaneous items such as plug tops, glass tumblers and water caraffes

The above items are purchased mainly for issue to administrative departments. All new issues are made against authorised requests from the head of the administrative department.

The replacement of these items is only made on a one for one basis, for example, return a broken tumbler for the issue of a new one, except for new issues. These items are not charged out and the cost is carried by the Inventory Section.

2.1.3 Replenishment

The replenishment of these stock items is executed on the basis of usage. A periodic review of stock is undertaken to ensure that the stock levels are adequate. If the stocks are low, a request authorised by the Chief Stores Officer is forwarded to the Purchasing Officer for acquisition.

2.1.4 Stationery Items

The Stationery Section is housed within the storage area of the Inventory Section and caters for approximately 150 stationery items. These items are purchased from funds specifically budgeted for by the Section.

The approximate estimate for stationery items for 1986 is R75 000,00.

The procedures for operation of the stationery function shall be detailed under:

- receiving;
- issuing;
- costing; and
- control.

2.1.4.1 Receiving

The stationery items required to replenish stocks are ordered by the Purchasing Officer and are received by the Inventory Section. These items are checked and placed into stock.

The items are marked according to specific catalogue numbers, a simple combination of numerical and alphabetical codes (symbolic approach)[13] is used to identify each item. These items are specified in a printed stationery catalogue distributed to departments and reflects the following:

- item classification code;
- item description;
- unit of issue; and
- estimated price.

The prices are updated manually by stores officers, on the tally cards, on the basis of an average price per item. No mark-up exercise is included.

2.1.4.2 Issues

Twice a month, that is, on the first and third Wednesdays stationery is issued. This is a policy decision which was approved by top officials and the departments were informed by circular.[14]

An officer in a requisitioning department forwards a "stationery requisition"[15] form in duplicate before 12h00 on the Tuesday before issue, to the Stationery Section. All forms must bear the head of department's signature. Once received, the Stores Officer responsible for issues would check whether the department has sufficient funds for the items requested. If funds are available, the requisition is fulfilled. A representative from the department calls on the Wednesday, collects, checks and signs for receipt of the items.

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13. See supra., p. 225.

14. See Annexure 28.

15. See Annexure 29.

2.1.4.3 Returns for Credit

The present system does not cater for the crediting of returns once the total value of the requisition has been input into the computer. The crediting of items must be executed before this phase of the operation and departments are, therefore, requested to thoroughly check their items before acceptance.

It is, however, necessary for a credit facility. It is possible that many departments have accepted incorrect items and as there is no facility for crediting their account, these items are being stored as 'white elephants'. Such a practice is inefficient and leads to waste of financial resources.

2.1.4.4. Costing

All items are costed out to the requisitioning departments on the copies of the stationery requisition. This in turn is computed to raise debits against the respective departments and also to update the budget balance. This is the only part of the stationery operation which is computerised. A costed copy of the requisition is sent to the department for control purposes whilst the original is retained by the Stationery Section in the respective departmental file for record purposes.

2.1.4.5 Replenishment of Stock

The replenishment of stock is executed by periodic stocktaking of all stock items. The stores officers, by experience, are also aware of the 'fast moving' items and accordingly ensure that a sufficient quantity of these items are in stock. Once stocktaking is completed on a prescribed form,[16] the quantities for re-order are established and are approved by the Chief Stores Officer before being forwarded to the Purchasing Office for acquisition.

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16. See Annexure 30.

2.1.4.6 Control

Control of stationery is maintained in terms of a tally card or cardex card system. Each item is allocated a card which reflects the catalogue number, description, unit of issue of the item and the average price. After each receipt the item is immediately entered on the respective card. After each issue day a summary schedule[17] of all issues is compiled from the requisition forms and the total figure is accordingly reduced on the tally card.

Annual stocktaking is executed for all stock items and a report is forwarded to the Chief Stores Officer and the Deputy Director (Purchases & Stores). In the case of discrepancies these are explained and approval is sought from Council to either write-off or take-on-charge such items. The tally cards are adjusted accor= dingly.

The Stationery Function is also subject to spot checks by the internal audit staff as well as the external auditors. To-date explanations for discrepancies have been satisfactorily accepted by them. Such discrepancies are generally of a clerical nature. The present location and facilities could be greatly improved to enhance the execution of an efficient and effective service. For example, the present location in Inventory Section allows for too much traffic of personnel (other than the stationery staff) who call to collect goods as well as to remove furniture items from the Section. This does not auger well for control. The items can be pilifered without easy detection.

2.1.5 Monitoring and Control of Furniture and Equipment

The three universities purchase consumable items, furniture and equipment on an extensive basis. Consumable items such as, inter alia, glassware and chemicals are subject to internal control

17. See Annexure 31.

measures determined by head of department and subject to approval of the Deputy Director (Purchases and Stores).

The situation with furniture and equipment differs. In terms of Council ruling[18] an item which qualifies in respect of the following stipulations, must be marked and recorded as a fixed asset:

- an acquisition value in excess of R50 for each unit;
- an expected useful life in excess of one year; and
- an identity which is not altered materially through use.

For identification purposes, each item is fixed with a metal tag and bears a specific number. The number, description of the item, and the name of the department are entered on a master inventory schedule. The following information pertaining to the item is then entered on an 'asset form'[19] in duplicate:

- department's code;
- asset number;
- purchase price;
- order number;
- description of item; and
- location.

This form is computed and the details are recorded on the asset master of the university as well as that of the department. A copy of the form is attached to the payment voucher and is kept by the Creditors Section. The other copy is filed by the Inventory Section.

This system of asset marking has been instituted at the University since April 1984 to facilitate reporting to the Department of National Education on the basis of the SAPSE Information System.[20]

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18. Council approval dated 25 August 1983, A11 par. 3.10 refers.

19. See Annexure 32.

20. See supra., p. 61.

The exercise entailed a physical stocktaking of all items in excess of R50,00 in value and which complied with the specified conditions. This enormous task has just been completed. This system facilitates annual stocktakings, as each item could be rea= dily identified. Furthermore, at any time a print-out could be obtained for all asset items in each department and a spot check may be easily executed. In this manner control is ensured.

The Rules Governing the Purchase and Control of Stores and Equipment stipulates the following in respect of stocktaking at the University:

"50. Stores, equipment, furniture and livestock, but excluding typewriters, duplicators, adding machines and other labour-saving devices, shall be subject to a full stocktaking once in a cycle of three years and stocktaking of labour-saving devices must be conducted at least once in every financial year, unless application for exemption has been submitted to and approved by the Chief Director (Administrative).

51. The stocktaking shall be carried out by one or more officers or other persons appointed by the Rector or an officer author= ised by him, assisted by a Senior Stores Officer.

52. The persons deputed to carry out the stocktaking shall on the prescribed form submit to the Chief Director (Administrative) a report on their findings regarding:

(a) the surpluses and deficiencies which may be found to exist as regards both quantities and values or estimated values; and

(b) (i) particulars of any unserviceable, worn-out, useless, damaged, redundant or obsolete property;

(ii) the suitablity of the stores and equipment in use as regards both quality and quantity;

(iii) the general condition of the stores and equipment; and

(iv) generally any points which it is considered should be brought to notice.

53. The head of the department concerned shall explain in writing the deficiencies and surpluses to the Chief Director (Adminis= trative), who shall add his recommendations and submit it to Council together with the stocktaking reports for consideration"(21)

Once stocktaking has been executed by the head of department and by the persons appointed to assist, then an explanation is requested for the deficiencies reflected. This explanation is forwarded to the Chief Director (Administrative) for recommendation to Council for the deficits to be written-off charge and the surpluses to be taken-on charge. Once Council's approval is obtained, the documents are forwarded to the Inventory Section which carries out the nece= ssary adjustments.

2.1.5.1 Transfer of Stores and Equipment

The transfer of items from one department to another is effected by mutual consent. A 'transfer form'[22] is completed in duplicate. The form requires the description, asset number of the item and the names of the departments which are issuing and receiving the item. The receipt and issues are authorised by the respective heads of department. The information is computed to effect the necessary adjustment in the asset master file and the departmental asset files.

2.1.5.2 Handing-Over of Stores and Equipment

In terms of the Rules the following procedure is applicable when an officer (normally the head of department/division) leaves or when a new officer is appointed:

"60 When a change of officers responsible for stores and equipment takes place, a 'handing-over'[23] certificate on

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21. Rules Governing the Purchase and Control of Stores and Equipment op.cit., pp.9-10.

22. See Annexure 33.

23. See Annexure 34.

a prescribed form shall be completed. The deficiencies or surpluses shall as in the case of the usual stocktaking, be explained in writing by the responsible officer.

61. If the officer from whom the stores (and equipment) should be taken over is not available, an independent officer shall be appointed by the Chief Director (Administrative) to assist the officer taking over with the checking of the stores (and equipment) and the certification of the balances." (24)

The above procedures ensure that all items can be accounted for and as such act as an effective control measure.

2.1.6 Disposal of Unserviceable, Redundant and Obsolete Stores and Equipment

The above function is executed by the Inventory Section biannually. User-departments are requested to forward such items with a service report from the supplier or from the Academic Instrumentation Unit[25] for consideration by a committee.

The Rules state in this regard:

"54. The Council shall appoint a Board of Survey consisting of three members, one of whom shall be a member of the Council and two specially nominated for such purpose by the Rector or a person authorised by him.

55. The Board of Survey shall consider the reports of the persons concerned with the stocktaking and make recommendations to the Council regarding:

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24. Rules Governing the Purchase and Control of Stores and Equipment, op.cit., p.11.

25. The Academic Instrumentation Unit is a section responsible for the repairs of all types of laboratory and general equipment.

(a) whether deficiencies or damages are considered to have occurred, or whether unserviceable, redundant or obsolete property is considered to have been held through the default or negligence of any person;

(b) whether the quantity and condition of the property referred to in paragraph 52(b) (i) including that already disposed of in accordance with paragraph 49 are considered reasonable bearing in mind the activities of the section, division or department concerned.

(c) how unserviceable, worn-out, useless, damaged, redundant or obsolete property can be disposed of to the best advantage;

(d) any other aspects contained therein." (26)

The Board of Survey reviews each item in terms of its physical condition and on the basis of service reports and accordingly makes its recommendation.

For example the Board may recommend as follows:

- sell as scrap;
- offer to other institutions; and
- sell by public auction.

All monies received from sales are debited to the revenue account and are substantiated by receipts.

The inventory function at the University of Natal is discussed next.

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26. The Rules Governing the Purchases and Control of Stores and Equipment, op.cit., p.10.

2.2 UNIVERSITY OF NATAL[27)]

The inventory function at this University is executed by two diff= erent sections under the control of the Finance Officer.

The Inventory Section[28)] is responsible for the receipt, issues and control of stocks which includes, inter alia, maintenance and stationery items.

The Asset Control Section is responsible for the monitoring and control of all assets on campus in the value of R45 or more.

It is also necessary to view the procedure adopted for the disposal of unserviceable, redundant, and obsolete stores and equipment(assets).

In view of the above, the inventory function shall be discussed on the basis of the following:

(i) Inventory Section : Stationery, Maintenance and Protective Clothing

- receiving;
- issuing;
- costing;
- cash sales;
- replenishment; and
- control.

(ii) Asset Control Section:

Monitoring and control of all equipment.

(iii) Disposal of Unserviceable, Redundant, and Obsolete Assets

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27. Much of the information in this regard was obtained from the Assistant Finance Officer, Mr N Jonker and other high-ranking officials.

28. The section which actually executes this function is called the "Stores Section", but for the purposes of uniformity of terms it is referred to as the "Inventory Section", see supra., p. 210.

2.2.1 Inventory Section : Stationery, Maintenance and Protective Clothing

The University has not formulated a policy and procedure manual for these functions. However, the essential points of operation have been specified in the 'Stores and Buying Catalogue' distributed to all departments.

The objective of this Section, like the Purchasing Office, is to "render a service, to the university community in obtaining its requirements", which must be of the highest quality and from the cheapest source.[29] The inventory function is fully computerised.

The organisational structure of the Section is shown in Figure 12.

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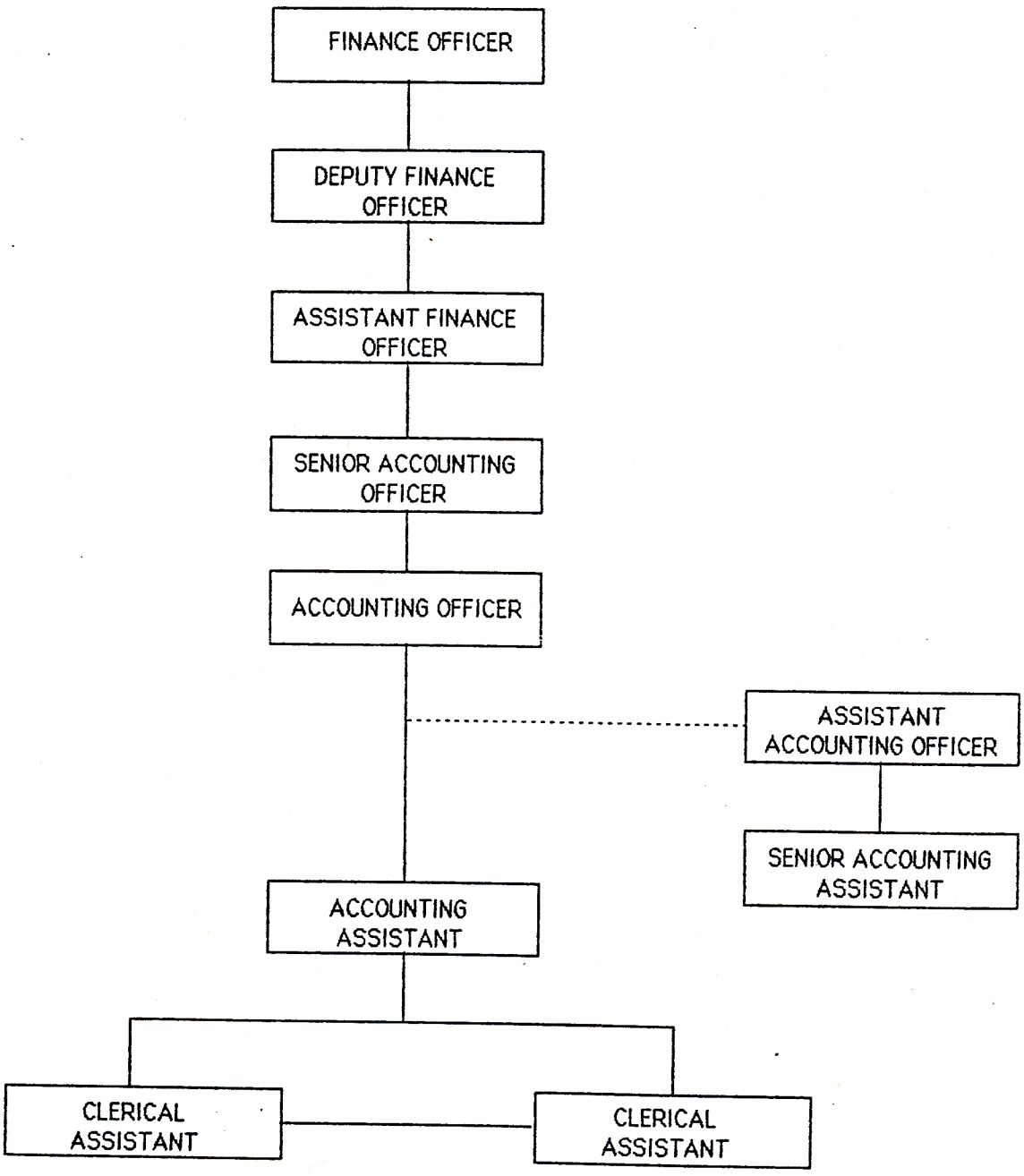
29. See supra., p. 212.

FIGURE 12
THE ORGANISATIONAL ARRANGEMENTS OF THE INVENTORY SECTION AT THE UNIVERSITY OF NATAL



--- POSTS EXISTING ON THE UNIVERSITY ESTABLISHMENT, BUT NOT IN THE INVENTORY SECTION.

The Inventory Section is the responsibility of the Assistant Finance Officer, who is accountable to the Deputy Finance Officer and the Finance Officer. An Accounting Officer is in charge of the operation of the inventory functions as it related to the issue of stationery and maintenance items.

The Accounting Officer is assited by an Accounting Assistant and several Clerical Assistants in co-ordinating and executing this function. From Figure 12 there appears to be an imbalance in dele= gated authority. There are two other posts, namely, the posts of assistant accounting officer and senior accounting assistant between the accounting officer and the accounting assistant.

The University implements a centralised system which caters for the following items, inter alia, stationery, sundries, maintenance items for plumbing, carpentary, building and electrical and protective clothing.

Although the Inventory Section is large and is closely situated to the maintenance departments, it is several kilometres from the main campus area. The Section has the necessary facilities for storage, is well-arranged and facilitates the receiving and issuing process.

2.2.1.1 Receiving

All items for replenishment of stocks are ordered by the Purchasing Office and are delivered to the Section. The Inventory Section, on receiving the items checks it against its blue copy of the 'stores purchase order'[30] (which acts as a 'goods received note'), retrieved from the 'awaiting or pending delivery' file.

If the goods are correct in quality, quantity and description the delivery note or packing slip is signed and the items are accepted. The items are recorded on the computer so that the stock balances may be updated. The copy of the purchase order and the delivery note is forwarded to the Purchasing Office for payment authorisation.

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30. See supra., p. 191.

The University employs a symbolic system approach[31] in its identification process and is applied numerically. This numerical system entails an eight digit code number. The code identifies:

- whether it is a stock item - e.g. single digit : 4
- from where - e.g. Durban - single digit : 2
- class or nature of item - e.g. - technical and maintenance - single digit : 2
- specific item number - e.g. bends, solid 20mm 5 digits : 10530

The code classification for Bends, Solid, 20mm should therefore be 42210530.

All stock items in the Inventory Section are identified in this manner. As the Inventory System is computerised, this form of identification is well suited and flexible in its application. It permits an increase in the number of digits for additional classification and identification of new types of items.

The 'Stores and Buying Catalogue' reflects all stock items, numbers and the unit of issue and is distributed to all user-departments.

2.2.1.2 Issuing

All issues are made against the 'stores requisition'[32] form which is completed in triplicate by all user-departments. The information on stock items is obtained from the catalogue. The requisition form is approved by the head of department or his authorised representative. It reflects the following information:

- department name;
- department code;
- job number;
- catalogue number;

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31. See supra., p. 225.

32. See Annexure 35.

UNIVERSITY OF DURBAN LIBRARY

- description;
- quantity;
- date;
- authorisation by head of department or representative; and
- recipient's signature.

Requisitions are received daily. Once a requisition is received, the staff make out the issues. An officer checks to ensure that all the items are supplied per requisition. The items are then parcelled and are ready for delivery.

Since the section is several kilometres away from the main campus area, all deliveries are made by vehicle. Goods are scheduled for delivery at 14h00 each day. The driver and messengers deliver the parcelled stationery items to specialised delivery points and obtain the recipient's signature on a stationery delivery schedule.[33] The recipient is normally a messenger who in turn delivers it to the department concerned and obtains a further signature for receipt. This procedure serves as a measure of control.

All maintenance items are issued to service departments[34] such as plumbing, electrical and carpentry and are generally collected by personnel from such departments on the basis of requisitions. All other procedures remain the same.

The various types of protective clothing are issued once per annum and the cost is borne by the Inventory Section. Such items are issued to departments between the 1 and 31 March each year on the basis of requisitions. Issues made after this date may only be approved on submission of a written motivation for such requests. A standard list[35] of protective clothing is made available to departments and reflects the units of issue.

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33. See Annexure 36.

34. See supra., p. 187.

35. See Annexure 37.

All stock items returned for credit are accepted. A 'credit form'[36] is completed in duplicate and reflects the following pertinent information:

- date;
- stores code number;
- description;
- quantity;
- value;
- job number;
- authorised by - signature;
- received by - signature; and
- total value.

Once this form is authorised it is computed, crediting the department account with the respective amount and updating the stock balance as well. One copy is retained by the Section and the other is forwarded to the department for its records.

2.2.1.3 Costing

All items are costed out on the basis of average prices which is automatically calculated when new purchases are updated on the computer. All items which appear on the requisition are computed and costed out to the requisitioning department. As a result of this exercise an 'issue voucher'[37] is printed in duplicate. This form reflects:

- date of issue;
- department;
- voucher number;
- stores requisition number;
- ledger account number;
- description, quantity and price.

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36. See Annexure 38.

37. See Annexure 39.

A copy of the 'issue voucher' is enclosed in the parcel for delivery to department and serves both as a verification document and a departmental file copy. The other copy of the 'issue voucher' is attached to the copy of the requisition and kept in the Section for record purposes.

The 'issue voucher' serves:

- to decrease stock quantities; and
- to debit the respective requisitioning department's account.

2.2.1.4 Cash Sales

On Mondays and Fridays between 12h30 and 15h30 stock items are sold to members of staff at the average purchase price. This is rendered as a service to members of staff.

The costing procedure is similar to normal issues and a cash sale receipt is issued. All cash is paid to the cashier and is credited to the stationery account code.

All returns are accepted and updated, but no cash is refunded. An item or items equivalent to the replacement value is issued.

2.2.1.5 Replenishment

The replenishment of stock is executed in accordance with the Stores (Inventory) 'stock reorder printout'[38)] which is generated by the computer once a week. This reflects, inter alia:

- stock code;
- description of items;and
- quantity to be re-ordered.

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38. See Annexure 17.

Each item is subject to a minimum quantity level.[39] Once this level is reached the computer automatically reflects this item on the print-out for re-order.

The system is not, in accordance with the Economic Order Quantity,[40] but is based on total usage of each item.

The print-out is endorsed by the Accounting Officer before being directed to the Purchasing Office for acquisition. Whenever, the need arises, a 'stores requisition'[41] form is also completed and forwarded to the Purchasing Officer for replenishment. This form must reflect:

- code/job number;
- date;
- description and quantity;
- last known price and supplier;
- catalogue number;
- authorisation in the purchasing office; and
- recipient's signature.

The form is completed in triplicate and is distributed as follows:

- original white and blue copy goes to the Purchasing Office; and
- the pink is retained by the Inventory Section.

The purchasing officer then makes the necessary inquiries and a 'stores purchase order' is issued for the items.[42]

Urgent petty cash purchases are also made by the Inventory Section. These are journalised and computed into stock.

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39. See supra., p. 228.

40. See supra., p. 230.

41. See Annexure 18.This form is used to request the Purchasing Office to replenish stocks and differs from the requisition form used by departments to withdraw stocks - vide annexure 35.

42. See supra., p. 190.

2.2.1.6 Control

Control of inventory is established by:

- stores stock re-order printout;
- stock valuation report; and
- annual stocktaking.

The stock reorder printout serves as a measure of control although it is basically directed to replenish stock items.

The stock valuation reports are generated once a month by a computer and serves to reflect the quantity and value of inventory items in stock. It also assists in decision-making,for example, the discontinuing of stock lines for which there is a poor response, no demand or if the price of items are too costly.

The annual stocktaking of all inventory items is designed to effect the necessary stock adjustment in the case of discrepancies with the prior approval of the Finance Officer. It also serves as a report of the Section's activities for the fiscal year and indicates the total value of transactions which passed through it for the year. Such a report also serves the SAPSE reporting function.[43)]

2.2.2 Asset Control Section[44)]

The perpetual asset or inventory record of the institution is maintained by the Asset Control Section housed in the Finance Division. This record is computerised. The objective is to ensure that all assets purchased are recorded in the University inventory register. No specific policy and procedure manual has been formulated in this regard.

The organisational structure of the Section is reflected in Figure 13.

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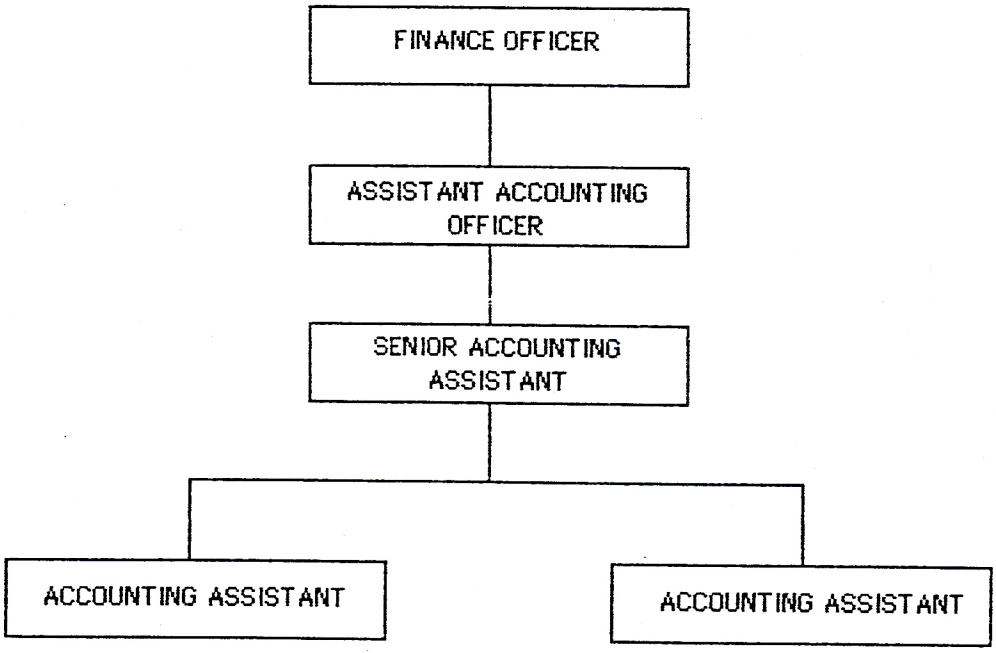
43. See supra., p. 61.

44. Information in this regard was obtained from Mrs Brown, Senior Accounting Assistant of the Asset Control Section, on Monday, 10 November 1986.

FIGURE 13
THE ORGANISATIONAL ARRANGEMENTS OF THE ASSET CONTROL SECTION AT THE UNIVERSITY OF NATAL



The Section is administered by a Senior Accounting Assistant and is assisted by two accounting assistants. These personnel are employed on a part-time basis from 8h30 - 13h00 to execute this function. The Senior Accounting Assistant reports to the Assistant Accountant in the Finance Division.

Any item which subscribes to the following conditions is considered to be an asset:

- an acquisition value in excess of R45 for each unit;
- an expected useful life in excess of one year, and
- an identity which is not altered materially through use.

All purchase order forms for assets are photocopied by the Creditors Section and forwarded to the Asset Control Clerk.

When the order is received, the clerk completes a form, 'Additions to Asset Register (AR/1)'[45] with the following details:

- description, model and serial number;
- order number;
- date; and
- value.

A photostat of this form (AR/1) is sent to the respective department requesting the head of department to reflect whether the item is an equipment or consumable,[46] whether it could be tagged, and in which room the item is kept. The original of the form is kept in the 'pending' file in the Asset Control Section.

Once the form is received from the head of department, the clerk visits the department and fixes a metal tag which bears a specific inventory number. The identification of assets is executed on the basis of the symbolic approach[47] by use of numbers. Each item is classified according to class and sub-class. This system facilitates

45. See Annexure 40.

46. See supra., p.177.

47. See supra., p. 225.

the computerisation process and as such information storage, retrieval and analysis can be performed with ease.

Thereafter the 'Assets Register Amendment'[48] form, (ARO2) is com= pleted reflecting, inter alia:

- asset number;
- department name;
- building number;
- room number;
- description;
- date;
- value;
- serial number of item;
- model number; and
- order number.

These forms (ARO2) are sent to the Data Processing Section for the input of the information. This is carried out twice monthly. A print-out is received reflecting all assets captured on record and used for check and control purposes.

All departments are requested to do a physical stocktaking annually. A departmental asset register reflecting all asset items are forwarded to the heads of department. This print-out must be returned to the Asset Control Section reflecting discrepancies as well as unserviceable, redundant and obsolete items.

The clerks are then responsible for reconciliation and resolution of discrepancies reflected on each print-out. Although, this should be the ideal situation, in practice difficulties are encountered. Pri= marily, the academic staff consider this task to be laborious, un= necessary and a waste of valuable time. This often results in conflict situations. However, the importance of the inventory function must be be stressed. All assets are the institution's capital investment and

48. See Annexure 41.

must be administered efficiently and effectively.

When items are written-off charge, the 'Assets Register Amendment' form is completed, deleting the item from the departmental record. All items submitted for write-off must be explained to the Finance Officer, before Council authority is obtained to write-off charge.

Where there is a possibility that an item may be misplaced or in another department such an item is written-off the respective department but transferred onto a departmental record, 001. This record reflects discrepancies sustained by the various departments. At a subsequent stocktaking, when the item is recovered it may be reconciled and a stock adjustment is made accordingly.

Inter-departmental transfers are accomplished on the 'assets register amendment' form which simply reflects a credit against one department and a debit against another. This is executed on the basis of approved requests from heads of departments.

The asset control clerks also personally undertake complete stock= taking of departments. For example, the Department of Chemistry has just been completed. No firm directive exists in this regard and it depends on the current work load which receives priority.

2.2.3 Disposal of Unserviceable, Redundant and Obsolete Assets

The Purchasing Officer disposes of assets which were initially purchased through the Purchasing Office, and may include, inter alia, office equipment and office furniture. When such items becomes available the Purchasing Officer establishes the initial price of the item and the possible price it may realise. This information is circularised to all personnel who may view the item and make a bid for it. Normally a deposit is paid which is in= corporated in the purchase price if brought or otherwise refunded. All cash received from the sale is paid to the cashier and receipts are furnished.

No set procedure has been established for the disposal of equip= ment used in formal instruction and research. However, use may be made of the booklet issued by the Purchasing Consortium in this regard.[49)]

The inventory function at the University of Zululand shall be discussed next.

2.3 UNIVERSITY OF ZULULAND[50)]

The Inventory Section[51)] at this University executes the inventory function.

The Purchasing Handbook stipulates the following objectives of the Inventory Section.[52)]

- receiving and issuing;
- storing of stock-items; and
- storing of non-stock items.

Although procedures are not detailed in the Handbook it does serve as a procedure manual and has the approval of Council.

In order to execute the inventory function the process of organ= ising is important.

The organisational hierarchy of the Inventory Section is reflected in Figure 14.

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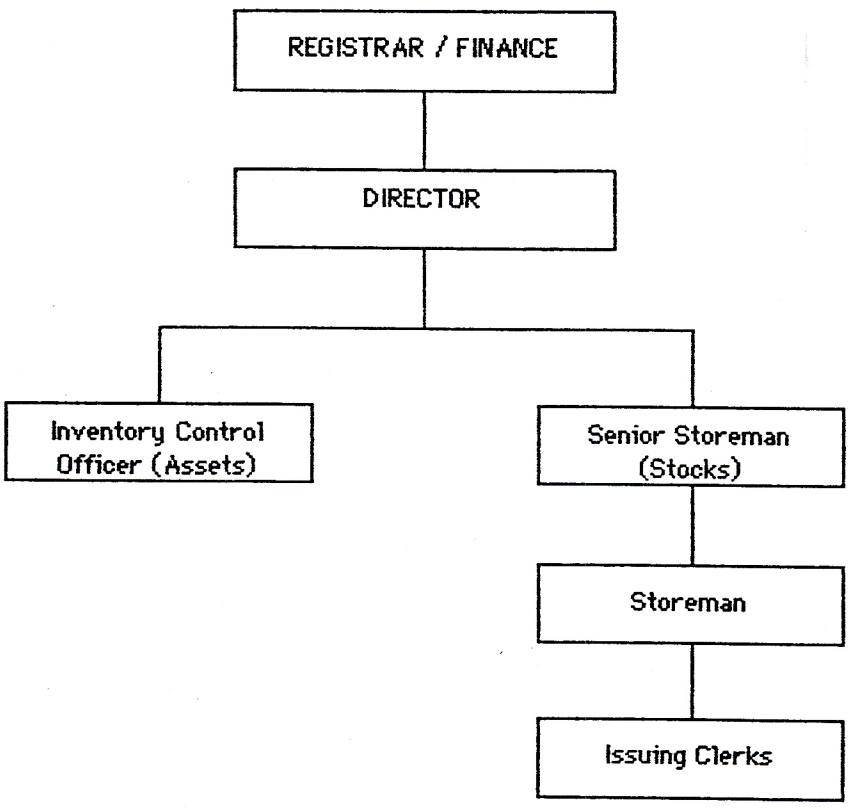
49. See supra., p. 246.

50. The information was obtained from an interview with Mr B H Pahl, (Director of Purchasing and Stores) at the University of Zululand on Tuesday, 8 July, 1986.

51. The 'Stores Section' is referred to as the "Inventory Section" in order to ensure uniformity in terminology - see supra., p. 210.

52. University of Zululand : Purchasing Handbook, 1985, p.2.

FIGURE 14
THE ORGANISATIONAL ARRANGEMENTS OF THE INVENTORY SECTION AT THE UNIVERSITY OF ZULULAND



The officer responsible for the operation and control of the inventory function is the Director. He is responsible both for the purchasing and inventory function which is recommended for greater co-ordination and efficiency.

The Director is accountable to the Registrar/Finance, who is the executive official responsible for the Finance Division, of which the Inventory and Purchasing Section forms a part.

The Director is assisted in this function by an inventory controller, senior storeman, storeman and issue clerks.

The organisational hierarchy ensures proper delegation and control in the allocation and execution of the inventory function.

The functions of the senior storeman and staff are as follows:[53)]

- safe custody of all stock items;
- ensure sufficient stocks;
- promptly place replenishment orders;
- listing of all fixed assets - the asset register; and
- the recording of stock movement on tally cards (Kardex).

An inventory controller has only recently been appointed to establish, monitor and control all fixed asset inventories within the institution.

The Inventory Section is centrally situated and within easy reach of user-departments. It is housed in a two storey building. The stocks are well arranged and distributed over two floors. Although this situation is not conducive to efficient and effectiveness of operation the stocks are so arranged that the heavier items are at the lower level whilst the lighter items are stocked at the upper level. This arrangement facilitates the easy movement of stock to and from the Inventory Section.

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53. Purchasing Handbook, op.cit., p.2.

The building housing the Inventory Section was not initially planned for the purpose and has only recently been renovated and used.

The discussion on the inventory function shall be highlighted as follows:

(i) Inventory Section : Stock items such as stationery and maintenance

- receiving;
- issuing;
- costing;
- replenishment; and
- control.

(ii) Inventory Record : Fixed Assets, Establish, Monitor and Control

(iii) Disposal of Unserviceable, Redundant and Obsolete Equipment

2.3.1 Inventory Section : Stock Items

This Section carries the following types of stock items, inter alia:

- stationery, audio-visual consumables;
- furniture, cleaning materials; and
- maintenance - items which includes inter alia, electrical, carpentry, plumbing, painting and glazing materials.

The inventory records are maintained manually.

2.3.1.1 Receiving

The Purchasing Handbook relates the following in respect of the receiving function:

"All goods received by the Stores (Inventory Section) must be recorded on the Goods Received Note. With reference to goods purchased for a department, these items will be issued to the user-department by way of a copy of the Goods Received Note, serving as an Arrival Notice to the Department". (54)

Therefore, the receiving activity is executed in a twofold manner:

- goods received for inventory stock
- goods received for department.

The goods received for inventory stock, are checked against the copy of the order form the 'awaiting or pending delivery' file. If the items are correct in description, quality, quantity and condition these are signed for and accepted. A copy of the supplier's delivery note or packing slip is retained. The 'goods received note'[55] is then completed in quadruplicate and the procedure stipulated in the purchasing cycle is followed.[56]

Those items which are purchased for the Inventory Section are recorded as receipts on their respective tally card which indicates the following information:

- stock item number;
- description of item;
- unit of measure;
- unit price
- invoice date; and
- re-order balance.

Once the stocks have been updated they are arranged in the storage areas.

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54. Purchasing Handbook, op.cit., p.1.2.2.

55. See Annexure 23.

56. See supra., p. 203.

For identification of stock items, the University applies the symbolic system approach,[57] using numbers. This is a 9 digit code classification reflecting:

- whether an item is available from stock;
- the class or nature, e.g. stationery; and
- the specific item number.

For example, the stock item code for 'dusters, blackboard' is: 10 01 56.

All items in stock are identified in this manner. Of significance is that the code can be easily adapted for computerisation purposes. All stock items are listed in the Purchasing Handbook, which reflects the description, unit of issue and the stock code numbers and are issued to all user-departments.

2.3.1.2 Issuing

All issues are made against the 'requisition to Stores'[58] form which is in a book format and issued to all user-departments. This document is completed in duplicate for the stock items required, and reflects the following details:

- serial number and date;
- department's name;
- allocation code (entity);
- authorisation signatures;
- name of user;
- stock item number;
- description;
- quantity required; and
- unit of issue.

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57. See supra., p. 225.

58. See Annexure 42.

The original (white) 'requisition' is forwarded to the Inventory Section for fulfilment and the yellow duplicate copy is retained in the book as the departmental record.

Once the items are ready for issue, the 'goods issue voucher'[59] is completed by the issue clerk in triplicate. This form reflects the following information, inter alia:

- serial number;
- department name;
- stores requisition number;
- date of issue;
- issuer's signature;
- signature of recipient;
- signature of senior storeman;
- quantity;
- unit of issue;
- description of goods;
- stock item number;
- unit price; and
- total price.

The Purchasing Handbook indicates the purpose of the 'goods issue voucher':

"The Goods Issue Voucher is used only by the Stores (Inventory Section) and caters for the recording of all Stock-Items as issued to any department. It serves as proof of goods issued to the user of stock-items, as work sheet for the adjustment of stock levels, for kardex entries, to assess the costs of goods issued and to enable the Creditors Section to charge the departments with the expense incurred." (60)

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59. See Annexure 43.

60. Purchasing Handbook, op.cit., p. 1.2.2.

The form is distributed as follows:

- the original yellow copy is sent with the goods to the user-department and serves to verify items received as well as a departmental record;
- the pink copy is sent to the Creditors Section to debit the respective department with the costs incurred; and
- the blue copy is used to adjust the stocks and is filed in numerical sequence in the Inventory Section.

From the above distribution, it is evident that the form serves both the costing and stock adjustments tasks.

2.3.1.3 Replenishment

Stocks are replenished on the basis of periodic stocktaking of all stock items or a review of all tally cards to ascertain actual balances. It is the function of the Senior Storeman to ensure that replenishment stocks are ordered timeously. An experienced storeman is able to identify the 'fast moving lines' and ensure that adequate supply of these items are ordered.

2.3.1.4 Control

Control is maintained by check on the tally cards as well as by annual stocktaking. The issues and receipts on each card are balanced. All discrepancies are explained and authority is obtained from Council to write-off or take-on charge. Control is also maintained by internal and external auditors.

2.3.2 Inventory Record : Fixed Assets

The University, until recently did not have a perpetual inventory, record of all stores and equipment. In the past once orders were executed, payments were made and the vouchers filed away.

However, the University has now appointed an Inventory Control Officer, to establish, monitor and control all stores and equipment. The Officer is responsible to the Director.

Although circulars were sent out requesting departments to indicate their stock holding of stores and equipment, this exercise has not proved to be very successful. The Officer has, therefore, embarked on achieving the task personally. Consequently, each departmental stock is checked, entered on a master inventory schedule, reflecting the department, description of item, serial number and is given a unique stock number.

The symbolic approach,[61] using numbers is being employed for identification and marking of assets. The system is totally computer adaptable and the University is presently designing a system for computerisation of the inventory function.

2.3.3 Disposal of Unserviceable, Redundant and Obsolete Assets

A committee comprising of officials from the Purchasing Office and the Finance Division make recommendations in this regard. Sales are made 'in-house'[62] or by public auction. All monies realised are paid into the University revenue account and are substantiated by receipts.

A comparison of the operational aspects of the inventory function at the three universities shall be discussed next.

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61. See supra., p. 225.

62. Sales made 'in-house' refers to the items being sold to members of staff within the University.

3. A COMPARISON OF THE OPERATIONAL ASPECTS OF THE INVENTORY FUNCTION AT THE UNIVERSITIES OF DURBAN-WESTVILLE, NATAL AND ZULULAND

The inventory function may be executed through a centralised or decentralised organisational arrangement. Each of these organisational arrangements have their own advantages and disadvantages.

At the Universities of Durban-Westville, Natal and Zululand the inventory function is centralised. Centralisation offers both tangible and intangible savings in regard to, inter alia, bulk purchases, storage, space, staff utilisation and control.

The staff charged with the execution of the inventory function can no longer be viewed merely as clerical workers. The inventory function is a specialised field of activity which requires appropriate knowledge and skills in both the administrative and functional spheres.

There are several methods used in the performance of the inventory function. The methods entail various systems for identification and control of inventory items. For purposes of inventory control of stock items the cyclic ordering system and the fixed order quantity system is prominently used. These systems facilitate both manual and computer verification of stock levels. With the increasing use of computers as an aid in the performance of the inventory function universities are well disposed to consider the application of the economic order quantity model. This model determines the most economic quantity to order and results in achieving the lowest cost per unit.

The procedures involved in the execution of the inventory function are, inter alia, receiving, issuing, determining of re-order quantities, costing and disposal of unserviceable, obsolete and redundant items. These steps prevail in varying degrees at the universities. Of importance, the economic quantity model can be used in the computerisation of the re-order quantities for stock items.

However, the procedure for control of other stores and equipment at the universities needs to be highlighted.

At the University of Durban-Westville, full-time staff maintain a perpetual record of all stores and equipment, per department, within the University. In this regard, the control function has been fully computerised and all assets in the value of fifty rand or more are identified and classified. The disposal of unservice= able, obsolete and redundant items are determined by a committee which makes recommendations in this regard. Council approval is sought to write-off charge such items. Stocktaking of all stores and equipment are executed in terms of specific rules and regu= lations.

At the University of Natal the control of stores and equipment is fully computerised. This function is however, executed by personnel appointed on a part-time basis. There are no clearly formulated rules and regulations to serve as guidelines in the execution of this function. With the exception of the disposal of office equipment and furniture by the Purchasing Office, no clearly defined system is available for the disposal of unservice= able, redundant and obsolete equipment for formal instruction and research.

At the University of Zululand until recently no clearly defined system was used for the control of stores and equipment, except for the disposal of unserviceable, redundant and obsolete items. However, with the appointment of an inventory control officer on a full-time basis prominence is now being given to the development of a computerised perpetual inventory record for the control of all stores and equipment on campus.

4. INVENTORY FUNCTION AND THE NORMATIVE FACTORS OF PUBLIC ADMINISTRATION

The university council lays down the policy for the execution of the inventory function in terms of rules and regulations. Func= tionaries must, therefore, have deference to the stipulations and

directions contained in such documents. For example, all stores and equipment bought by the university should be stored in a manner which ensures its safe custody.

All officials involved in the execution of the inventory function must ensure that they perform their duties efficiently and effectively. In this regard officials are required to review and develop procedures to ensure uniformity and clarity in its application. For example, the objective of stocktaking is to physically verify the actual stores and equipment within a department and to compare it with the perpetual inventory record in order to ensure that the stocktaking returns reflect the true position.

In view of the nature and scope of the inventory function, which entails the receiving and issuing of numerous items, there is always a possibility that abuse and malpractices will occur, if the function is not strictly monitored. It is, therefore, expected that officials who execute this activity shall display a high degree of ethical behaviour.

In complying with the requirements of administrative law officials must not exceed the authority delegated to them. For example, officials should not issue stock items to a department which has exceeded its budget allocation, without prior approval.

The actions of the inventory staff are subject to inspections by auditors. Therefore, these functionaries should ensure that their activities conform to rules and regulations and that they are always in a position to account for their actions. For example, officials must be able to justify losses and shortages which are likely to occur despite stringent control measures.

5. SUMMARY

The primary aim of the inventory function at the universities of Durban-Westville, Natal and Zululand is to provide stock items to user departments within an economic price range as well as to maintain a record of all stores and equipment purchased. All stores and equipment represent a financial value and hence the need for adequate control measures.

At the Universities of Durban-Westville, Natal and Zululand the inventory function is centralised, with issuing, receiving and monitoring of stock items executed in terms of certain methods and procedures. The inventory function at the universities is computerised and facilitates the maintenance of a perpetual inventory record of all stores and equipment.

An important component of the inventory function is the disposal of surplus items which have become unserviceable, redundant and obsolete. All the universities have adopted some or other procedure in this regard and is considered important as it affects the total value of the university's inventory record.

All functionaries executing the inventory function must have due regard for the normative guidelines of public administration. These officials must understand the rules and regulations approved by council for the execution of the inventory function. All administrative arrangements formulated in terms of the rules and regulations should be constantly reviewed to ensure that objectives are efficiently and effectively achieved.

The nature of the inventory function is such that abuse and malpractice can easily occur. Therefore, officials should at all times conduct themselves ethically and must be able to account for every action or inaction. These functionaries should always perform their duties within the scope of their delegated authority.

CHAPTER XI

CONCLUSIONS AND RECOMMENDATIONS

1. CONCLUSIONS

Public institutions are established primarily to promote the general welfare of society and in so doing are responsible for the greatest measure of spiritual and material well-being. Public administration is an activity concerned with the promotion of human welfare and interests. Therefore, it is expected that universities as one category of public institutions, may only achieve their goals if they prescribe to the fundamental norms of public administration. University administration,is therefore, a distinct and specialised field of public administration.

Universities are established by law for the purposes of academic teaching, research and public service. The task of the council and its high-ranking officials, such as the rector, vice-rectors and registrars are primarily to provide a supporting service to enable the achievement of the university goals. Therefore, university administration is a comprehensive and complex field of activity comprising of several sub-fields of endeavour, such as, financing, staffing and student affairs. Universities are largely reliant on state subsidies for the execution of their activities. All universities in South Africa are financed according to the South African Post Secondary Education (SAPSE) based formula and must submit their financial statements in terms of SAPSE requirements to the Depart= ment of National Education on an annual basis.

Within the scope of the financing field falls the activity of stores financial administration. The activity of stores financial administration comprises of three specific processes, namely:

- the generic administrative processes;
- the functional processes; and
- the auxiliary processes.

These processes are fundamental to the efficient and effective operation and execution of the activities constituting stores financial administration. The generic administrative processes are considered to be the enabling functions which give scope and direction to the functional and auxiliary processes. The functional processes of stores financial administration comprise of:

- the budget procedure and control function;
- the purchasing function; and
- the inventory function.

All these processes are interrelated and mutually inclusive. Essential to the execution of the generic administrative and functional processes is the auxiliary process, comprising of, inter alia, public opinion surveys and interpretation of data. These are neutral activities which assist the functionaries in the performance of their duties.

Officials must possess the necessary knowledge, skills and attitudes to enable a high degree of proficiency in their work. Also of fundamental importance is the intra-generic phenomena, such as, communication, decision-making and planning which are elements necessary for the direction and goal achievement. With increasing technology, several aids, such as computers and word processers assist functionaries in the expeditious execution of their tasks.

The budget is the focus of all the activities comprising stores financial administration. It serves to initiate the budget procedure and control function and which in turn is central to the purchasing and inventory functions.

In the budgeting process, the universities of Durban-Westville, Natal and Zululand prescribe to the traditional line-item system of budgeting with minor adaptations. This system serves to highlight the inputs without any appreciable view of what is being achieved. The performance budgeting system identifies the relationship between

inputs and outputs but does not guarantee efficiency and effectiveness. The budgeting by objectives system in the main relates to the achievement of programmes and goals and their alternatives, but is considered intricate and time-consuming to monitor. The zero-base budgeting system principally stresses the importance of justifying each programme anew without reference to previous programmes and appropriations.

The importance of centralised budget control is essential for better utilization and control of financial resources. At the three South African universities studied the budget control function is centralised, but with varying degrees of implementation.

The purchasing function is fundamental to all other activities within the university as it provides the necessary supplies and services for its continuity. The purchasing office is a service department which aims at providing the essential goods and services at reasonable costs.

The centralised/decentralised purchasing system used at the three universities studied splits the purchasing function between the user-department on one hand and the purchasing office on the other. Consequently, two sets of functionaries are involved with the execution of the purchasing function. It, therefore, follows that this system divides the expertise and professionalism that may otherwise accrue in a fully centralised system. The purchasing officers are au fait with purchasing procedures and concepts which are often lacking in personnel carrying out the purchasing function in the user-departments.

The scope of delegation of authority of purchasing officers differ marginally from university to university. At the University of Durban-Westville approval of purchases are limited to specific amounts according to the delegated authority approved by the Council of the University. The purchasing officers at the University of Natal have a

a greater autonomy and freedom in negotiations and concluding of agreements. The Purchasing Office at the University of Zululand ensures that all purchases are authorised by the Director or his assistant before the confirmation of the orders with the suppliers.

The functionaries responsible for the execution of the activities constituting stores financial administration require to possess the proper knowledge, skills and behavioural attitudes.

The purpose of the inventory function is to provide stock items to user-departments and maintain an adequate control of all stores and equipment at the university. All stores and equipment represent a financial value or worth and hence the need for control measures.

At the universities of Durban-Westville, Natal and Zululand the inventory function is centralised, with issuing, receiving and monitoring of stock items executed in terms of certain methods and procedures. Of importance, is that the economic order quantity model could be used to determine the most economical stock quantity to be purchased at any given time.This method could be adopted with ease as all the universities are now using computers in the execution of the inventory function.

The maintenance of a perpetual inventory record which reflects all stores and equipment, is considered essential to determine the value of all the items in the university.

The University of Durban-Westville has a perpetual inventory record which is fully computerised. Stocktaking of all the items in the University are executed in terms of the prescribed rules and regulations.

A similar inventory record is kept by the University of Natal and is maintained by part-time personnel. To date,no clearly defined rules and regulations have been formulated in this regard.

At the University of Zululand no perpetual inventory record was maintained prior to the recent computerisation of its inventory functions.

An important aspect of the inventory function is the disposal of surplus items, which have become unserviceable, redundant and obsolete. The procedures for disposal of such items is considered important as it affects the total value of the university's inventory record.

At the University of Durban-Westville a special committee evaluates these stores and equipment and makes its recommendations to the University Council for approval.

At the University of Natal, the Purchasing Office accepts responsibility for disposal of items such as office equipment and furniture. There is no specified system for disposal of stores and equipment which may accrue from academic and research departments.

At the University of Zululand, disposal of such items are executed by high-ranking administrative officials together with the Director of Purchases.

The South African Purchasing Consortium has recently introduced a system for the sale of serviceable surplus items offered by the various universities. This method may also serve to dispose of surplus items at the universities studied.

2. RECOMMENDATIONS

The following recommendations are made for consideration:

2.1 The university councils and high-ranking officials must give due regard to the importance of stores financial administration as one of the activities which is critical to the achievement of the university's goal by:

(i) evaluating the contributions made by these activities to the achievement of the university goals; and

(ii) taking appropriate actions to ensure that the activities and the functionaries are goal orientated.

2.2 The introduction of the system of zero-base budgeting which has distinct advantages over the other budgeting systems and which facilitates the maximum utilisation of limited resources in the following ways,namely:

(i) starts anew and requires justification for each request;

(ii) re-examines priorities and considers alternatives at all levels of operation;

(iii) identifies all activities and programmes which have cost-benefit implications;

(iv) involves personnel at all levels of activity who are required to carefully consider their priorities and critically appraise existing services with different alternatives, their costs and consequences;

(v) arranges and ranks priorities so that allocations are made according to needs; and

(vi) serves as a projection document which re-assesses and re-evaluates long and short-term considerations.

2.2.1 Emphasise a method of centralised budget control to monitor all expenditure by, inter alia, instituting the following steps:

(1) computerising the budgeting system;

(ii) centralising the point of budget control; and

(iii) ensuring that all expenditure documents, are forwarded through the control point for scrutiny before any financial commitment or confirmation.

2.3 Centralisation of the purchasing function to ensure that it serves its intended purpose as the only official purchasing unit by:

(i) selecting and appointing specialist purchasing officers in the fields of, inter alia, maintenance, stationery, furniture, technical and scientific equipment;

(ii) ensuring that all purchasing officers are members of recognised purchasing associations and have the necessary education, training and skills to serve the institution;

(iii) formulating clearly and concisely the objectives of the purchasing function;

(iv) printing and distributing a policy and procedure manual on the purchasing function to all the user-departments;

(v) introducing and emphasising the formal quotation method or the tender system for improving the purchasing function; and establishing a tender committee which includes specialist purchasing officers to make recommendations on the choice of items;

(vi) adhering to methods and procedures which emphasise controls, checks and balances of all purchasing activities; and the

(vii) re-distribution of the purchasing authority to the different levels of seniority ranking in the organisational structure of the university to enhance and exercise effective control measures.

2.4 Emphasising and promoting the importance of the inventory function by:

(i) improving facilities, where possible, to ensure ease of operation of issuing, receiving and storing of all stock items;

(ii) setting out clearly formulated policies of the function;

(iii) determining rules and regulations for effective and efficient execution of the function;

(iv) ensuring and maintaining an updated perpetual record of all stores and equipment by the computerisation of data;

(v) conducting a regular and periodic stocktaking of all the stores and equipment;

(vi) evaluating existing methods of disposal of unserviceable, redundant and obsolete equipment to ensure that surplus items are written-off charge;

(vii) establishing an instrumentation unit where surplus items could be evaluated for inter-departmental use or for disposal;

(viii) establishing inter-university co-operation for setting priorities for improving the utilisation of equipment through the sharing of facilities among universities; and

(ix) considering the implementation of the economic order quantity model to determine the most economical re-order quantity of stock items that should be purchased.

2.5 Establishing a staff exchange programme among universities to:

(i) provide assistance, knowledge and skills;

(ii) advise and improve existing methods and procedures; and

(iii) strengthen inter-university and inter-departmental understanding and co-operation.

The implementation of these recommendations require the co-operation and consideration of all the user-departments within the university. Such co-operation and consideration could be improved by, inter alia:

(i) educating the academics of user-departments and high-ranking functionaries of other departments and institutes on the necessity to adhere to procedures, rules and regulations;

(ii) establishing a committee of inter-departmental and stores functionaries to resolve conflict areas and enhance co-operation;

(iii) requiring all functionaries involved with the execution of the functions constituting stores financial administration to abide by a prescribed code of conduct so that officials:

a) work in the interests of the university and not seek personal advantage;

b) are trustworthy and do not divulge information of a confidential nature for personal gain or which is to the detriment of the university;

c) execute their functions and tasks according to the rules and regulations laid down by the council of the university; and

d) serve the university and its purpose with confidence, sincerity and to the best of their ability.

The aforementioned recommendations should be viewed as a strategy which reflects the ideal or ultimate goal to enable the activity of stores financial administration to be executed with due regard to the effective and efficient performance of the generic administrative processes of policy-making, organising, financing, staffing, methods and procedures and the control as well as the functional processes, the auxiliary processes and the normative factors of public administration.

The initiation and implementation of these recommendations will undoubtedly serve the interests of all the universities in South Africa.

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University of Natal
Memorandum MG 8550 dated 18 September 1985.

University of Florida, U.S.A.
Letter EP/rn dated 27 January 1986.

University of Strathclyde, U.K.
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Annexure 1

UNIVERSITY OF DURBAN-WESTVILLE

OFFICE OF THE VICE-RECTOR

Private Bag X54001
Durban 4000 South Africa
Telegrams 'Inhol'
Telephone .11

PROF/DR/MR : _____

DEPARTMENT : _____

DEPARTMENT CODE : _____

DATE : _____

ESTIMATES 1 JANUARY 1987 TO 31 DECEMBER 1987

You are again being asked to submit your budgets for next year. These estimates will be collated and formed into a budget to present to the relevant University authorities for approval. As far as possible we will arrange to discuss your budgets with you particularly if the amounts of your requests are reduced. This will however not take place until a close estimate of the total amount of money available to the whole University is known.

The way our finances work (i.e. SAPSE reporting system) we have to keep the following funds separate (in fact there are further subdivisions) :

(a) Salaries, wages and allowances.

(b) Current expenditure (consumables and maintenance).

(c) Renewal and replacement of equipment.

(d) New i.e. extra equipment.

The funds available to us are almost directly proportional to our student enrolment. As this has been decreasing, heads of departments will realise that there will be less money than last year to divide among the sections and departments.

In particular, as the University is not expanding there will be no money at all for extra fixed assets.

A fixed asset is one which costs more than R50 and lasts more than 1 year. Items in this category must be itemised and motivated for separately. Other items are included in consumables and need not be itemised but must be motivated for generally e.g. "R325 consumables required to cover chemicals, torch cells, beakers etc".

1. Your budgets should be presented in accordance with the following instructions :

1.1 Please complete and return the forms not later than 30 September 1986 to Mr D Munien, Room 140, Block A.

1.2 Please type or use Black ball point pen only.

1.3 Read through the attached list of allocation codes and acquaint yourselves with the new division and grouping of items before completing the forms.

1.4 Consult the attached price list for the estimated cost of furniture, office equipment and servicing of typewriters and calculators.

1.5 Consult the column expenditure to 31 July 1986 on the attached forms as a guideline to your departments actual expenditure for the past 7 months. This column is an innovation.

1.6 Note that :

(a) Provision is to be made for the registration fees for conferences under code (210015 and 210017).

(b) Affiliation and Membership Fees for Institutions and Organisations which Council has approved should be provided for under code (210019).

1.7 Requests for Specialist Lectures (maximum of 2 Lectures per Department p.a.) are included in Codes 020014 and 040024.

2. Provide for :

(a) Transport Expenses for part-time lecturers under code (040030). Number of lecturers x distance in excess of 16km return x rate applicable = R.....

(b) Transport Expenses for full-time lecturers for extra-mural lectures under code (040016).

Calculations for both (a) and (b) should be shown on a separate sheet of paper. Number of days and number of lecturers involved x 29km x application rate.

(c) Transport for Practice Teaching under code (040020) (Education departments only).

(d) Running and Maintenance costs of Departmental or Faculty Vehicles under code (200008).

(e) All expenses related to the purchase of supplies from abroad or locally e.g. airfreight, seafreight, railage, customs or road transport charges against the appropriate allocation codes e.g. estimated cost of item + at least 25% to cover these charges.

(f) Servicing of all typewriters, calculators and other equipment against the appropriate codes. (Under maintenance) Prices can be obtained from Stores, ext. 2278 - Mr P Gareeb.

(g) Stationery under the appropriate codes.

(h) Photocopying : All departments (including those who have photocopying machines for their departmental use) must budget for photocopying under one appropriate code and not under consumables. Expenditure for materials and maintenance, although originating from the department will be met from a central vote.

(i) Printing : under the appropriate codes as shown on the attached schedule.

(j) Pre-recorded audio and visual cassettes, should be provided for under the appropriate codes as shown on the attached schedule.

(k) Library Books - under code 230014.

(l) Library Periodicals - under code 230016.

(m) Replacement/Renewal of equipment under the appropriate codes as shown on the attached schedule. A separate motivation is required for each item.

3. Completed budget schedules should be signed by the Head of the Department, Section or Institution.

PROF T H BENNETT

VICE RECTOR

University of Natal

Memorandum

Annexure 2

To: ALL HEADS OF DEPARTMENTS
DURBAN AND MEDICAL SCHOOL

From: L J TUDOR
DEPUTY FINANCE OFFICER

21 May 1985

DEPARTMENTAL ESTIMATES OF EXPENDITURE - 1986

Enclosed are motivation sheets for completion by you for your department's Estimates for 1986.

Because of the restricted time schedule available to this department after the closing date for the submission of applications it is imperative that all motivations are received by the required date. Any Estimates received after 21 June 1985 may not be considered by the appropriate committees.

PREPARATION OF ESTIMATES

A. FORMAT TO BE USED

Please submit your requests in the order shown below on the standard A3 motivation sheets provided.

In order to assist in the evaluation of each fixed asset requested in relation to all requests made by your department please show the absolute priority of all items, irrespective of category, shown under 2 - 7 below. A separate column is provided on the motivation sheets for this purpose.

Do not submit a separate motivation sheet for each group but clearly label and total each group.

PLEASE INCLUDE GST IN ALL AMOUNTS REQUESTED

1.1 Supplies and Services - Operating Expenses
1.2 - Departmental Travelling & Transport
2.1 Minor Building Alterations
2.2 Airconditioning - New
2.3 - Replacement
3.1 Audio-Visual Equipment - New
3.2 - Replacement
4.1 Computers and Word Processors - New
4.2 - Replacement
5.1 Typewriters - New
5.2 - Replacement
6.1 Furniture & Equip (other than Lab Equipment) - New
6.2 - Replacement
7.1 Laboratory Equipment - New
7.2 - Replacement

B. SUPPLIES / ....

B. SUPPLIES AND SERVICES

Operating Expenses

Include all consumables under operating expenses (including daisy wheels, ribbons, blank video tapes, etc).

Repairs to furniture and equipment which can be repaired by Building Services should not be included as Building Services are provided with funds for such repairs.

Departmental Travelling/Transport

The transport form calling for the estimated kilometerage should include only travelling which is chargeable to your departmental operating vote. Transport to be used for sponsored research should not be included but should be applied for at University rates, when submitting applications to the sponsoring bodies, e g C S I R, University Research Committees, etc.

C. MINOR BUILDING ALTERATIONS (MBA)

Items under R20 000 are MBA's and should be included in these estimates. Items in excess of R20 000 are capital works. Applications for capital works closed on 25 March.

In addition to being included on these estimates the Physical Planning Office should already have been sent a copy of MBA requests so that the technical requirements can be investigated.

Quotes should be obtained from Building Services for MBA's prior to the submission of these Estimates.

D. AUDIO VISUAL EQUIPMENT

Requests for audio-visual equipment will be submitted to the Audio-Visual Advisory Committee for comment prior to consideration by the Estimates Sub-Committee.

E. COMPUTERS AND WORD PROCESSORS

In order to simplify the complex evaluation of needs of departments for computer equipment, departments requiring computer equipment are requested to complete the attached form B as well as showing the items required under 4.1 and 4.2 on the motivation sheets.

Typewriters with interface facilities are NOT to be included under computer equipment.

Requests for computer equipment will be submitted to the Computer Technical Sub-Committee for comment prior to consideration by the Estimates Sub-Committee.

F. EQUIPMENT IN EXCESS OF R5 000 PER ITEM (EXPENSIVE CAPITAL EQUIPMENT)

These items should already have been submitted to the Research Committee via the Research Office by 1 March and must not be included on these Estimates.

SUBMISSION OF ESTIMATES

Academic Departments should complete the attached forms and forward them unfolded to the Dean/Deputy Dean of their faculty, for scrutiny, prioritisation, recommendation and comment. Please send your completed forms to Deans/Deputy Deans as soon as possible in order to allow enough time for consideration of your requests and their submission to the Finance Division by 21 June 1985. You are requested to re-use the envelope containing this letter and attachments.

Non-Academic Departments should complete the forms and forward them direct to the Finance Division by 21 June 1985.

If there are any queries please contact Mr R Hardie, ext 2262.

Yours sincerely

L J TUDOR
FOR FINANCE OFFICER

Encls

Annexure 3

UNIVERSITY OF NATAL

MEMORANDUM FROM THE VICE-PRINCIPAL
DURBAN

TO : DEANS/DEPUTY DEANS
DURBAN CENTRE

RATING SCALE FOR 1986 ESTIMATES : DURBAN CENTRE

You will recall that at our last informal meeting, held during the evening of Monday, 13 May, we discussed the role of Deans/Deputy Deans in assessing and rating departmental requests for funds in 1986.

Guidance was sought on a rating scale for these requests and I now propose the following :-

A^1	=	Critical for the effective functioning of the department in 1986 - prior commitment
A^2	=	Critical for the maintenance of existing essential levels of service by the department in 1986, but without prior commitment
B	=	Required for high priority development, though not necessarily in 1986.
C	=	Medium priority
D	=	Low priority

I believe this scale can be applied to all categories of request for funds and feel that it should become a standard rating scale for the Durban centre.

C de B Webb
VICE-PRINCIPAL

3.06.1985

Annexure 4

UNIVERSITY OF NATAL

1986 ESTIMATES

REQUESTS FOR COMPUTERS
(includes wordprocessors, microcomputers)

Computer Committee has been involved in considerable work over the last 2 years because of inadequate information concerning requests related to computing equipment. This form is an attempt at obtaining more meaningful information to help the decision making process. Please fill in multiple forms when you run out of space on one form. (Feel free to add comments to additional sheets which you can attach. Reasonable estimates for numbers will be acceptable.)

DEPARTMENT: BUYING OFFICE AND STORES

CONTACT PERSON: N. JONKER EXT: 3359

1.0 PURPOSE for which equipment is required (tick or fill in wherever appropriate)

1.1 Wordprocessing Y [ ] N [X]
Number of persons likely to use the facility [ ]
Specialised publishing requirement Y [ ] N [ ]
Special requirements .....
.....

1.2 Student teaching Y [ ] N [X]
Number of students [ ]
Official courses Y [ ] N [ ]
Names of courses .....
.....

1.3 Computer Aided Instruction Y [ ] N [X]
Number of students [ ]
Total hours per week/student [ ]

1.4 Research Y [ ] N [X]
Number of staff using the facility [ ]
Special requirements .....
.....

1.5 Data logging (or analogue requirement) Y [X] N [ ]

1.6 Other Y [X] N [ ]
Specify briefly ..... Maintaining stock ledger in stores.....
.....

2.0 HARDWARE required (include processor, printers, graph plotters, etc)

2.1 Have you researched your hardware requirement Y [X] N [ ]
(If Y fill in the following section. If N consult Computer Services)

2.2 Specify the names of computer and/or accessories suitable to solve your requirements

	Type of hardware	Local Distributor	Est Cost(inc GST)
eg	Graph plotter 2 pen	Company X	R2000
1	Power Line Conditioner	Datalink	R2500
2			
3			
4			
5			

2.3 Have you considered the maintenance requirement Y [X] N [ ]
(If Y answer as follows. If N consult Computer Services)

Who will maintain the equipment? Datalink

How much will it cost per annum? Ad hoc maintenance

3.0 SOFTWARE required

3.1 Have you researched your software requirement Y [ ] N [X]
(If Y answer as follows. If N consult Computer Services)

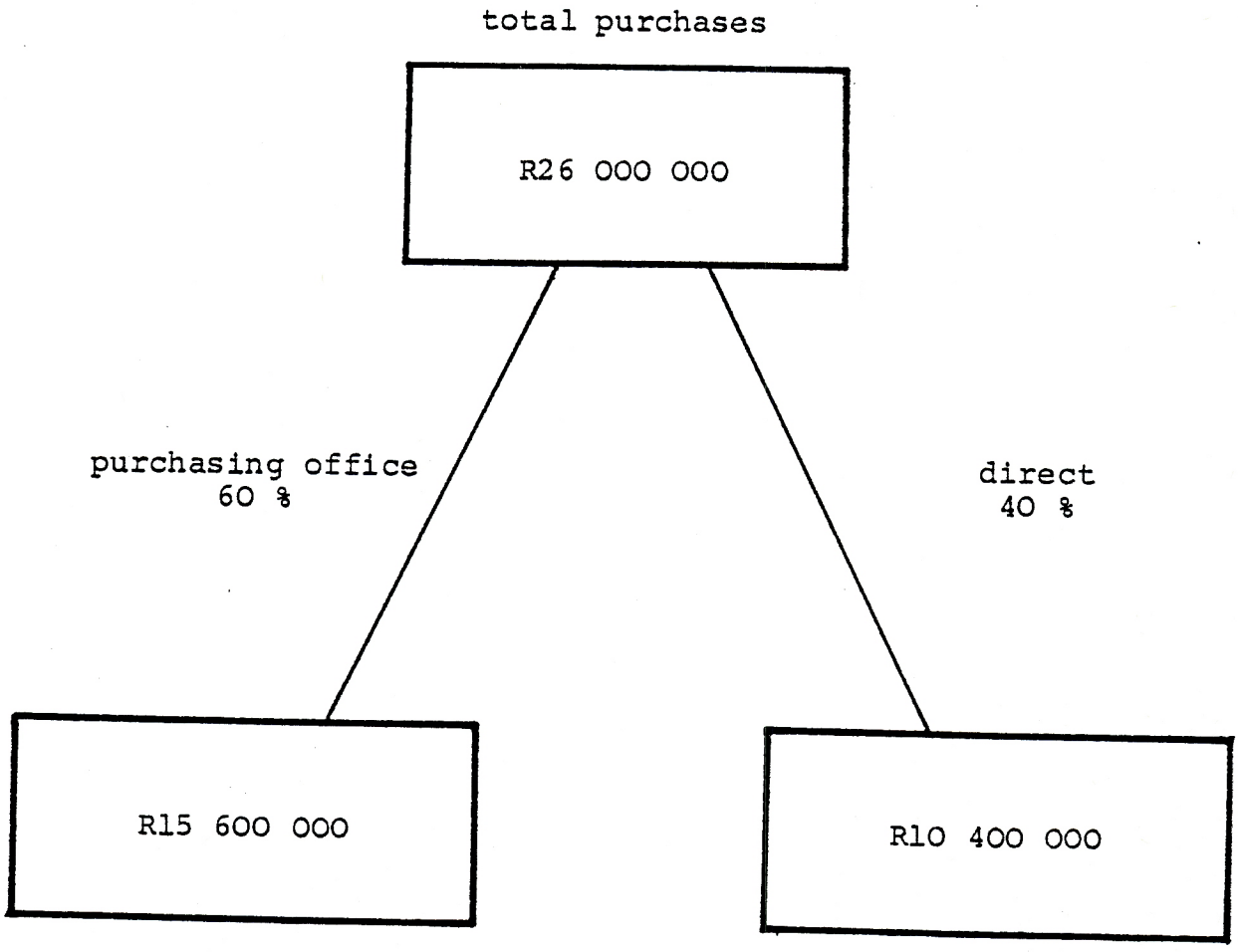
3.2 Specify the names of software suitable for your requirement

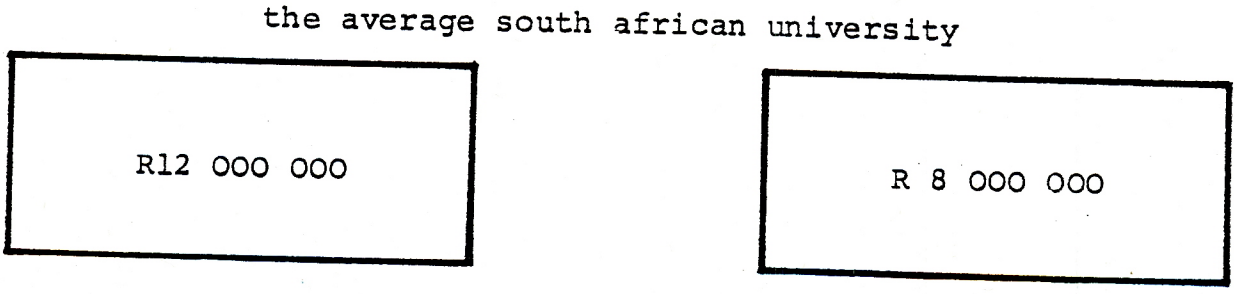
	Name of software	Local Distributor	Est Cost (inc GST)
eg	DBASE II	Company Y	R750
1			
2			
3			
4			
5			

4.0 ANY ADDITIONAL INFORMATION WHICH MAY BE USEFUL CAN BE ADDED HERE:

Power fluctuations (roughly one a week) are causing various data set indices to corrupt. While recovery is technically simple the re-indexing of each data set takes up to 18 hours during which time no access is possible. Often more than one index is corruped by each fluctuation causing total disruption to the on line stores system for up to two days at a time. (An Uninterruptable Power Supply giving 45 minute back-up would cost R8 600).

HOW IMPORTANT IS THE PURCHASING FUNCTION?





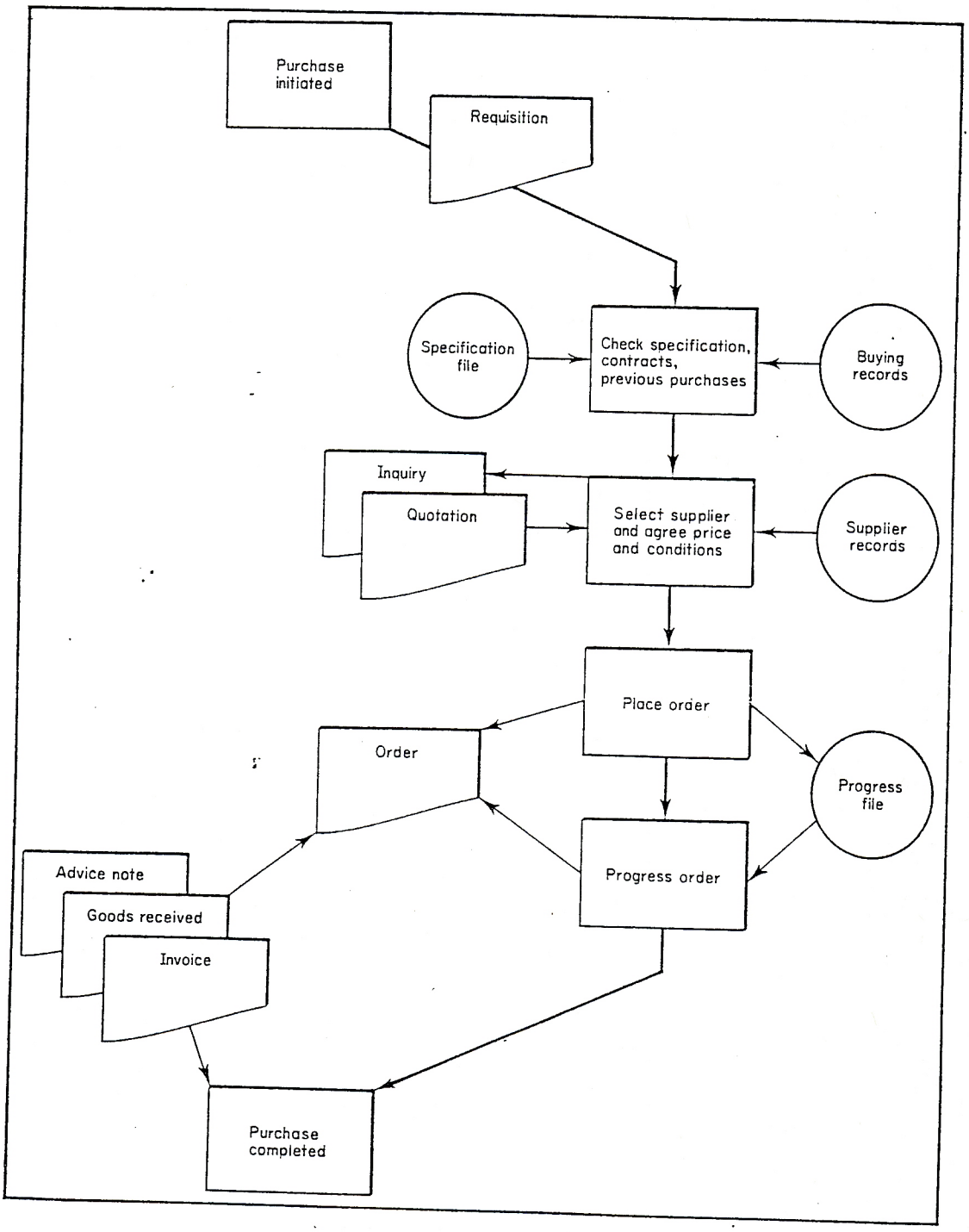


FIGURE 2 : 1 OUTLINE OF SIMPLE PURCHASE TRANSACTION

Annexure 7

UNIVERSITY OF DURBAN-WESTVILLE

TENDER NO. _____ CLOSING DATE: _____

TENDERERS MUST PLEASE NOTE THE FOLLOWING:

(A) IT IS IMPERATIVE THAT TENDERERS ANSWER QUESTION NUMBERS 5.1 TO 5.8 AND ALSO TAKE SPECIAL NOTE OF POINTS 2 TO 4 AND 6 TO 10.

(B) TENDERERS MUST ANSWER QUESTIONS UNDER 7.2 WHICH RELATE TO RATES OF EXCHANGE FOR ITEMS OFFERED ON AN EX-INDENT BASIS. IF THESE QUESTIONS REMAIN UNANSWERED, THE UNIVERSITY SHALL NOT CONSIDER REQUESTS FOR RATE OF EXCHANGE INCREASES AT ANY LATER DATE.

(C) IMPORT SURCHARGE (IF APPLICABLE) ON ANY ITEM/S OFFERED EX-INDENT MUST BE SHOWN SEPARATELY AND MUST BE SUBSTANTIATED BY DOCUMENTARY PROOF AT THE TIME OF INVOICING TO THE UNIVERSITY.

(D) PLEASE STATE IF TENDERED PRICES INCLUDE GENERAL SALES TAX.

(E) WHERE APPLICABLE, DESCRIPTIVE ILLUSTRATION OR PHOTOGRAPHS MUST BE SUBMITTED IN SUPPORT OF ITEMS OFFERED.

(F) WHERE APPLICABLE, SUCCESSFUL TENDERERS MUST SUPPLY INSTRUCTIONAL MANUALS, SERVICE MANUALS AND CIRCUIT DIAGRAMS FOR EQUIPMENT OFFERED.

(G) TENDER QUOTATIONS SUBMITTED MUST BE TYPED, DULY SIGNED BY A RESPONSIBLE OFFICER WITH HIS DESIGNATION STATED.

YOURS FAITHFULLY

.....

(FOR) REGISTRAR
(ADMINISTRATIVE)

P S :

1. *PLEASE INDICATE LOT PRICES.*
2. *QUOTE PRICES NETT DELIVERED TO UNIVERSITY OF DURBAN-WESTVILLE*
3. *PREFERENCE WILL BE GIVEN TO ITEMS OFFERED FROM LOCAL STOCKS*

UNIVERSITEIT VAN DURBAN-WESTVILLE
Privaatsak X54001, Durban, 4000.
TELEFOON: 8209111
TELEGRAMME: INKOL

UNIVERSITY OF DURBAN-WESTVILLE
Private Bag X54001, Durban, 4000.
TELEPHONE: 8209111
TELEGRAMS: INKOL

Alle briewe moet aan die REGISTRATEUR gerig word
Verwys a.u.b. in u antwoord na Nr.

All communications to be addressed to the REGISTRAR
In reply please quote No.

Here,

1. Ek heg 'n lys van benodighede aan en sal bly wees om u tender vir die verskaffing van enige of al die items te ontvang.
2. Geliewe die items waarvoor u tender te nommer met dieselfde nommer as wat deur die Universiteit van Durban-Westville daaraan toegeken is.
3. Volle besonderhede, spesifikasie en/of monsters van aangebode items moet waar doenlik ingedien word.
4. Pryse moet vir ten minste 60 dae na die sluitings datum van die tender van krag bly. Hierdie voorwaarde is bindend tensy tenderaars 'n ander tydperk spesifiseer.

TENDERAARS MOET OOK MELD:-

5.1 Is u die vervaardiger se gemagtigde agent in die R.S.A. vir die items wat aangebied word

5.2 Het u al dergelike items aan enige instansie in die R.S.A. voorsien en indien wel verstrek name

5.3 Hou u 'n volledige reeks onderdele vir die toerusting op voorraad

5.4 Is diensfasiliteite deur fabrieksopgeleide personeel beskikbaar en indien wel waar, en op watter voorwaardes

5.5 Die afleweringstydperk vir elke item na ontvangs van 'n amptelike bestelling moet verstrek word en aangesien die afleweringstydperk die aanvaarding van 'n tender kan beinvloed, moet 'n realistiese afleweringstydperk gespesifiseer word.

5.6 Maak die tender prys voorsiening vir installering, inwerkingstelling en indien nodig, vir die onderrig van 'n operateur

5.7 Tydperk en voorwaardes van waarborg.

5.8 Voldoen die item(s) aan ons spesifikasie. Indien nie – meld besonderhede van afwyking.

Gentlemen,

1. I attach a list of requirements and shall be pleased to receive your tender for the supply of all or any of the items listed.
2. Please number the items for which you tender with the number allocated to an item by the University of Durban-Westville.
3. Full particulars and specifications of items offered must be submitted where applicable (and/or samples supplied).
4. Prices quoted must remain firm for at least 60 days from closing date of this tender. This condition will be binding unless tenderers specifically state otherwise.

TENDERERS MUST ALSO STATE:-

5.1 Are you the accredited agents in the R.S.A. for the Manufacturer of the Equipment offered

5.2 Have you supplied this type of equipment to other institutions in the R.S.A., and if so list their names

5.3 Do you carry a full range of spares for this equipment

5.4 Are service facilities by factory trained staff available, and if so where, and on what conditions

5.5 The time required for delivery of each item after receipt of a firm order. As delivery period specified could have a bearing on the acceptance of a particular tender it is imperative that a realistic delivery period be specified.

5.6 Does the quoted price include delivery, installation, commissioning and operator training (where applicable)

5.7 Period and conditions of the guarantee.

5.8 Is the item(s) offered according to our specification. If not - please state variation.

6. Die laagste of enige tender sal nie noodwendig aanvaar word nie. Die Universiteit van Durban-Westville behou egter die reg om enige tender of enige gedeelte van 'n tender te aanvaar.

7.1 Waar van toepassing moet alle eise vir invoerkostes (assuransie, vrag en klaringkoste, ens.) en/of verhogings in fabriekspryse met aanvaarbare dokumentêre bewyse gestaaf word.

7.2 Eise vir 'n prysverhoging as gevolg van 'n verandering in die wisselkoers sal net in ag geneem word indien:

7.2.1 dit 'n voorwaarde van die tender was

7.2.2 die bedrag wat oorsee betaal moet word en die wisselkoers wat van toepassing was vermeld word.

7.2.3 dokumentêre bewys van betaaldatum en heersende wisselkoers ten tye van betaling verskaf word.

7.2.4 die bestelling bevredigend binne die vasgestelde aflewerингsperiode uitgevoer is.

7.3 Indien die kontrakteur enige wins asgevolg van verandering in die wisselkoers onverwyld aan die Universiteit betaal;

8. Die Universiteit van Durban-Westville is voorwoordelik vrygestel van die betaling van verkoopreg, doeaneregte en invoerbobelasting, ens. Indien hierdie heffings op enige van die items van toepassing is, moet tenderaars voor die aankoms van die goedere die nodige vrystellingsvorms van die Universiteit verkry.

9. Indien 'n uitvoer-lisensie benodig word en die regering van die land van herkoms sodanige lisensie weier, sal die Universiteit van Durban-Westville nie verantwoordelik wees vir die betaling van enige vergoeding vir verliese of uitgawes aangegaan deur die kontrakteur of enige ander persoon ten opsigte van die vervaardiging, verskaffing en of aflewering van goedere destel volgens hierdie kontrak nie.

10. Verseëlde tenders gemerk no ..... (op die koevert en tender) moet die Registrateur, Universiteit van Durban-Westville, Privaatsak X54001, DURBAN, 4000, nie later as 12 middag

op .....
bereik nie.

Die uwe

(for) REGISTRATEUR/REGISTRAR

6. The lowest or any tender will not necessarily be accepted. The University of Durban-Westville reserves the right to accept any tender or any part of a tender.

7.1 Where applicable all claims for importation charges (insurance, freight and clearing charges, etc.) and/or any increase in factory prices must be supported by acceptable documentary proof.

7.2 Claims for an increase in price due to a variation in the rates of exchange will only be considered if:

7.2.1 it was a condition of the tender

7.2.2 the amount to be remitted overseas in foreign currency and the rate of exchange applied was stated.

7.2.3 documentary proof of date of payment and the rate of exchange ruling at the time of payment is furnished.

7.2.4 the order was satisfactorily executed within the stipulated delivery period.

7.3 If any gain to the contractor is occassioned by any variation in the rate of exchange this shall be paid by him forthwith to the University.

8. The University of Durban-Westville is under certain conditions exempt from the payment of sales duty customs duty and import surcharge etc. If these tariffs are applicable on any of the quoted items tenderers must please ensure that the necessary exemption forms are obtained from the University prior to the arrival of the goods.

9. Should an export licence be necessary and not granted by the Government of the country of origin, the University of Durban-Westville will not be liable for any loss or expenditure whatsoever which may have been suffered or incurred by the contractor or any other person, including loss or expenditure suffered or incurred in respect of the manufactor, supply and/or delivery of the goods, regarding orders placed for the purpose of this contract.

10. Sealed tenders marked no. ..... (on the envelope and tender) must reach the Registrar, University of Durban-Westville, Private Bag X54001, DURBAN, 4000, not later than 12 noon

on .....

Yours faithfully

UNIVERSITY OF DURBAN-WESTVILLE

SPECIAL CLAUSES RELATING TO ELECTRONIC APPARATUS

Tenderers must indicate whether they comply or not with Clause Nos. 1 - 11, Hereunder.

1. The apparatus must be designed to operate with satisfactory stability and repeatibility in the face of mains voltage variations of ± 10% from the nominal supply voltage.

2. The electronic circuitry in the apparatus must not be susceptible to damage from transient interference on the electric supply mains.

3. All mains operated motors, fans and inductors in the apparatus must be specifically rated for 50 Hertz use.

4. Tenderers must disclose details of spares availability and service organisations stating the centre at which these are based and are to state whether the repair technicians are in their direct employment or not.

5. Proper workshop service manuals must be supplied in the quantity ordered. These manuals must include bound copies of parts lists, locations, circuit and flow diagrams, service and fault-finding procedures and all other information necessary for effective and fast servicing and fault-finding. The workshop service manuals must be effectively produced and printed on non-fading white paper.

6. Down-time is to extend guarantee time on a day-for-day basis, and a one year guarantee is the University minimum specification.

7. Preference will be accorded to tenderers who are able to state that they are the properly accredited agents and service agents for the apparatus.

8. Tenderers must be prepared to demonstrate apparatus identical to that offered : Alternatively a demonstration may be deemed to have been provided if the tenderer gives the address or addresses where identical equipment is installed and may conveniently be viewed.

9. Successful tenderers will be required to supply, deliver, install, demonstrate and commisision the apparatus to the satisfaction of officials of the University.

10. Tenderers must indicate whether water, air, gas, drainage or any other special service is required and must give full technical particulars regarding volumes, pressures, purity and so forth, in respect of any connections or special services required to be provided by the University. The submission of any tender for fixed installed apparatus constitutes an acknowledgement by the tenderer that he has acquainted himself with all aspects of the installation and provides for them in his tender, at the price quoted therein.

11. In the case of diathermy, radio and any apparatus generating or radiating electromagnetic energy, the tenderer must submit a certified copy of the certificate issued under regulation 68,C of the Radio Regulations promulgated under Act No. 3 of 1952, as amended. As it is illegal to use apparatus generating or radiating electromagnetic energy over the limits prescribed in Schedule A to the Radio Regulations, the tender cannot be considered unless the certificate is provided.

Annexure 8

UNIVERSITY OF DURBAN - WESTVILLE

ORDER REQUISITION 035811

DEPT CODE | DATE | CONTRACT/ TENDER NO

SUPPLIER

TOTAL G.S.T. AMOUNT

TOTAL VALUE

FOR STORES USE ONLY

ORDER NUMBER ISSUED

CREDITOR'S CODE

AUTHORITY CODE

AUTHORISED BY

DEPARTMENTAL COPY

DELIVERY INSTRUCTIONS AND LAST DELIVERY DATE

HEAD OF DEPARTMENT/RESPONSIBLE OFFICER

NO	STOCK CODE	ALLOCATION CODE	DESCRIPTION	BUDGET ITEM	QUANTITY	UNIT PRICE	TOTAL PRICE EXCLUDING G.S.T	DISCOUNT %	NET VALUE
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									

UNIVERSITY OF DURBAN - WESTVILLE

ORDER REQUISITION 035811

STORES COPY

DEPT CODE | DATE | CONTRACT/ TENDER NO

SUPPLIER

TOTAL G.S.T. AMOUNT

TOTAL VALUE

FOR STORES USE ONLY

ORDER NUMBER ISSUED

CREDITOR'S CODE

AUTHORITY CODE

AUTHORISED BY

DELIVERY INSTRUCTIONS AND LAST DELIVERY DATE

HEAD OF DEPARTMENT/RESPONSIBLE OFFICER

NO	STOCK CODE	ALLOCATION CODE	DESCRIPTION	BUDGET ITEM	QUANTITY	UNIT PRICE	TOTAL PRICE EXCLUDING G S T	DISCOUNT %	NET VALUE	G S T %
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										

Systemforms

UDW 18

UNIVERSITY OF DURBAN - WESTVILLE

ORDER REQUISITION 035811

DEPT CODE | DATE | CONTRACT/ TENDER NO

SUPPLIER

TOTAL G.S.T. AMOUNT

TOTAL VALUE

FOR STORES USE ONLY

ORDER NUMBER ISSUED

CREDITOR'S CODE

AUTHORITY CODE

AUTHORISED BY

DEPARTMENTAL COPY

DELIVERY INSTRUCTIONS AND LAST DELIVERY DATE

HEAD OF DEPARTMENT/RESPONSIBLE OFFICER

NO	STOCK CODE	ALLOCATION CODE	DESCRIPTION	BUDGET ITEM	QUANTITY	UNIT PRICE	TOTAL PRICE EXCLUDING G.S.T	DISCOUNT %	NET VALUE	
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										

Annexure 9

UNIVERSITY OF DURBAN-WESTVILLE

PRIVATE BAG X54001 DURBAN 4000
TELEPHONE 82-1211 TELEGRAMS "INKOL"

SUPPLIER COPY - LEWERANSIER SE AFSKRIF

UNIVERSITEIT VAN DURBAN-WESTVILLE

PRIVAATSAK X54001 DURBAN 4000
TELEFOON 82-1211 TELEGRAMME "INKOL"

ORDER
BESTELLING

ORDER NO BESTELLING NR	
CREDITORS CODE KREDIETEURS KODE	
DATE DATUM	
PAGE BLAD	OF VAN

QUANTITY HOEVEELHEID	DESCRIPTION OF GOODS BESKRYWING VAN GOEDERE	UNIT PRICE EENHEIDS PRYS	VALUE WAARDE	DISCOUNT D/ AFSLAG %	OUR REF /ONS VERW	NET VALUE/NETTO WAARDE

DELIVER BASIS/AFLEWERING

GST
A.V.B.

TOTAL
TOTAAL

ORDER VALID ONLY IF MACHINE PRINTED/BESTELLING SLEGS GELDIG INDIEN DEUR MASJIEN GEBRUIK

REGISTRAR/REGISTRATEUR

UDW 06

UNIVERSITY OF DURBAN-WESTVILLE

PRIVATE BAG X54001 DURBAN 4000
TELEPHONE 82-1211 TELEGRAMS "INKOL"

STORES COPY - STORE SE AFSKRIF

UNIVERSITEIT VAN DURBAN-WESTVILLE

PRIVAATSAK X54001 DURBAN 4000
TELEFOON 82-1211 TELEGRAMME "INKOL"

ORDER
BESTELLING

ORDER NO BESTELLING NR	
CREDITORS CODE KREDIETEURS KODE	
DATE DATUM	
PAGE BLAD		OF VAN	

QUANTITY HOEVEELHEID	DESCRIPTION OF GOODS BESKRYWING VAN GOEDERE	UNIT PRICE EENHEIDS PRYS	VALUE WAARDE	DISCOUNT % AFSLAG %	OUR REF./ONS VERW.	NET VALUE/NETTO WAARDE

DELIVER BASIS/AFLEWERING

GST
A V B

TOTAL
TOTAAL

ORDER VALID ONLY IF MACHINE PRINTED/BESTELLING SLEGS GELDIG INDIEN DEUR MASJIEN GEBRUIK

REGISTRAR/REGISTRATEUR

UDW 06

UNIVERSITY OF DURBAN-WESTVILLE

PRIVATE BAG X54001 DURBAN 4000
TELEPHONE 82-1211 TELEGRAMS "INKOL"

UNIVERSITEIT VAN DURBAN-WESTVILLE

PRIVAATSAK X54001 DURBAN 4000
TELEFOON 82-1211 TELEGRAMME "INKOL"

DEPARTMENT COPY - DEPARTEMENT SE AFSKRIF

ORDER
BESTELLING

ORDER NO BESTELLING NR	
CREDITORS CODE KREDIETEURS KODE	
DATE DATUM	
PAGE BLAD	OF VAN

QUANTITY HOEVEELHEID	DESCRIPTION OF GOODS BESKRYWING VAN GOEDERE	UNIT PRICE EENHEIDS PRYS	VALUE WAARDE	DISCOUNT % AFSLAG	OUR REF./ONS VERW.	NET VALUE. NETTO WAARDE

DELIVER BASIS/AFLEWERING

GST
A.V.B.

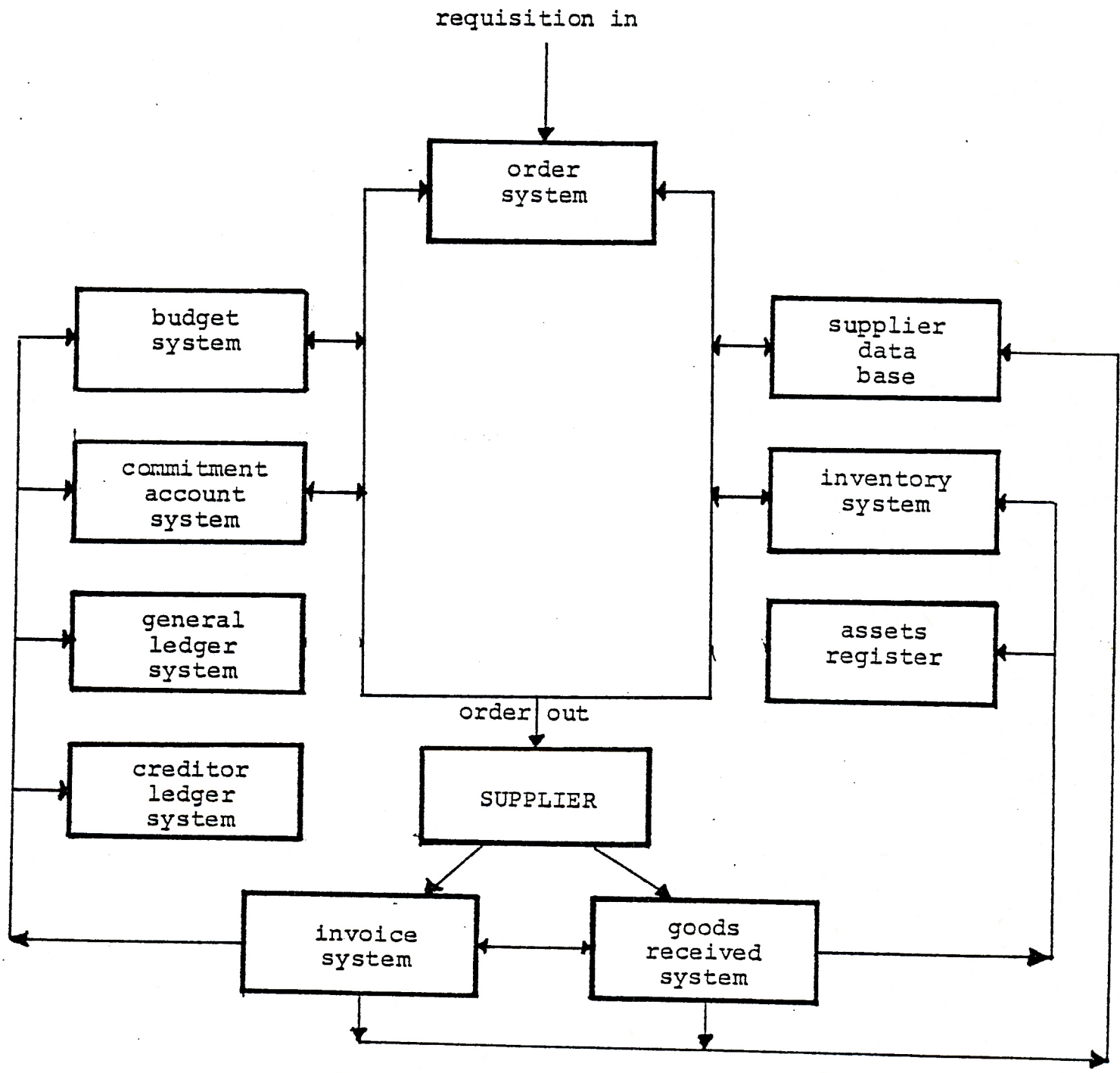
TOTAL
TOTAAL

ORDER VALID ONLY IF MACHINE PRINTED/BESTELLING SLEGS GELDIG INDIEN DEUR MASJIEN GEBRUIK

REGISTRAR/REGISTRATEUR

UDW 06

AN INTEGRATED ON-LINE COMPUTER SYSTEM THAT DOES IT ALL



Annexure 11

UNIVERSITY OF NATAL

Finance Division

EMcI/CMW

7 March 1986

TO ALL UNIVERSITY SUPPLIERS OF GOODS AND SERVICES

OFFICIAL ORDERS FOR GOODS, ETC

With immediate effect, unless invoices are supported by an official order, the University will not accept liability and you must look for payment to the official or student placing the order. A facsimile of the official order form (green), is shown overleaf.

The above will not apply to statutory services, services and goods supplied under the terms of a formal contract, continuing subscriptions to magazines and periodicals and purchases of books and periodicals through the University Libraries.

Orders by telephone may be accepted provided the official order number is given at the time. Suppliers must ensure that they obtain the confirmatory official order in due course. Requests for and queries regarding payment will not be considered unless the official order number is quoted.

PLEASE NOTE THAT ALL INVOICES MUST BE SENT TO THE FINANCE OFFICER AT THE UNIVERSITY IN DURBAN (OR PIETERMARITZBURG IF APPROPRIATE), AND NOT TO THE PERSON OR DEPARTMENT ORDERING THE GOODS.

Should any difficulty arise from this procedure would you please contact Mrs McIntyre Durban (031) 816-2253 or Mrs Ducasse Pietermaritzburg (0331) 63320.

L J TUDOR
FOR FINANCE OFFICER

336.

REQUISITION

55499

DEPARTMENTAL CODE

TO BE COMPLETED BY DEPARTMENT

[FINANCE FORM No. 40]

In Sextuplicate, top five copies to be forwarded to Finance Section

Annexure 12

THIS STRIP WILL BE RETURNED PROMPTLY BY THE FINANCE SECTION AS CONFIRMATION OF PLACEMENT OF ORDER.

ESTIMATED COST (NET)

R

ORDER NUMBER WILL BE INSERTED HERE: ▶

UNIVERSITY OF NATAL

KING GEORGE V AVENUE : DURBAN 4001
TELEPHONE 253411 TELEGRAMS: "UNIVERSITY"

N.B. THIS IS NOT A VALID ORDER UNTIL THIS BLOCK IS COMPLETED.

FAILURE TO QUOTE THIS ORDER NUMBER WILL DELAY PAYMENT OF THE INVOICES/S.

ORDER No.

Purchase Authorised

.....
for Finance Officer

DELIVER TO: (*Please quote following IN FULL on all parcels*)

.....DEPT.

ROOM No.....BLDG.

.....

DURBAN

FORWARD INVOICE AND STATEMENT TO:

THE ACCOUNTANT,
UNIVERSITY OF NATAL,
KING GEORGE V AVE
DURBAN 4001.

DATE:

...../...../19.....

CANCELLED

QUANTITY	DESCRIPTION	AMOUNT
	LESS DISCOUNT	
	NET TOTAL R	

HEAD OF DEPARTMENT'S SIGNATURE.....

S MAG(INTL)—41363 5/80

REQUISITION

PROVISIONAL DEBIT

[FINANCE FORM No. 40]

DEPARTMENTAL CODE (1–8)

ESTIMATED COST (NET) R (51–59)

CREDITOR'S ABBREVIATION AND DESCRIPTION (9–36)

ORDERS CONTROL 29014100 (60–67)

DATE (37 38 40 41 43 44)

45 49 PROVN.

ORDER No. (68–73) PDR (74) 054 (78)

CANCELLED

DELIVER TO: (*Please quote following IN FULL on all parcels*)

.....DEPT.

ROOM No.....BLDG.

.....

DURBAN

FORWARD INVOICE AND STATEMENT TO:

THE ACCOUNTANT,
UNIVERSITY OF NATAL,
KING GEORGE V AVENUE,
DURBAN 4001.

DATE:

...../...../19.....

QUANTITY	DESCRIPTION	AMOUNT
	LESS DISCOUNT	
	NET TOTAL R	

HEAD OF DEPARTMENT'S SIGNATURE.....

REQUISITION

CERTIFICATION OF FULFILMENT OF ORDER

[FINANCE FORM No. 40]

(Invoice Posting Copy)

ACTUAL COST R (51–59)

ESTIMATED COST [redacted]

DEPARTMENTAL CODE (1–8)

CREDITOR'S ABBREVIATION AND DESCRIPTION (9–14, 15–36)

CREDITOR'S CODE 009 (60–63, 67)

INVOICE DATE (37–44)

ORDER DATE [redacted]

INVOICE No. (45–50)

DEPARTMENTAL CERTIFICATE

DELETE SECTION THAT DOES NOT APPLY

I hereby certify that the goods / services have been received / rendered and that payment may be made accordingly.

****

I hereby certify that the goods / services (except those marked*) have been received / rendered and that payment of unmarked items may be made accordingly. Items marked * have not been received / have been returned to the supplier. A new order will be placed for these items. Kindly cancel the provisional debit relevant thereto.

Signed.....

Head of Department

ORDER No. (68–73) UN (74) 051 (78)

.....

DELIVER TO: (*Please quote following IN FULL on all parcels*)

.....DEPT.

ROOM No.....BLDG.

.....

DURBAN

OFFICE CHECK

Invoice additions, extensions, discount, code, transcription checked and not previously paid.

Signed.....

Finance Section

DATE:

...../...../19.....

CANCELLED

QUANTITY	DESCRIPTION	AMOUNT

LESS DISCOUNT

HEAD OF DEPARTMENT'S SIGNATURE..... NET TOTAL R

H&G(NTL)—41363 6/80

339.

REQUISITION

PROVISIONAL CREDIT

[FINANCE FORM No. 40]

55199

ACTUAL COST [redacted]

DEPARTMENTAL CODE (1–8)

CREDIT (EST. COST) R (51–59)

CREDITOR'S ABBREVIATION AND DESCRIPTION (9–14, 15–36)

CREDITOR'S CODE [redacted]

INVOICE DATE [redacted]

ORDER DATE (37–40–43)

INVOICE No. [redacted]

PROVN (45–49)

ORDERS CONTROL 29014100

ORDER No. (68–73) PCR (74) 055 (78)

.....

DELIVER TO: (*Please quote following IN FULL on all parcels*)

.....DEPT.

ROOM No.....BLDG.

.....

DURBAN

FORWARD INVOICE AND STATEMENT TO:

THE ACCOUNTANT,
UNIVERSITY OF NATAL,
KING GEORGE V AVENUE,
DURBAN 4001.

DATE:

...../...../19.....

CANCELLED

QUANTITY	DESCRIPTION	AMOUNT	
	LESS DISCOUNT		
	NET TOTAL R		

HEAD OF DEPARTMENT'S SIGNATURE.....

REQUISITION

340

DEPARTMENTAL COPY OF ORDER

[FINANCE FORM No. 40]

55499

DEPARTMENTAL CODE

ESTIMATED COST (NET)

R

▲ This top portion of the original order, bearing this requisition number, will be returned to you for your information, quoting the ORDER NUMBER applicable.

* INVOICE No.

** To be inserted later by Department*

* ORDER No.

DELIVER TO: *(Please quote following IN FULL on all parcels)*

.....DEPT.

ROOM No.....BLDG.

.....

DURBAN

FORWARD INVOICE AND STATEMENT TO:

THE ACCOUNTANT,
UNIVERSITY OF NATAL,
KING GEORGE V AVENUE,
DURBAN 4001

DATE:

...../...../19.....

CANCELLED

QUANTITY	DESCRIPTION	AMOUNT	
	LESS DISCOUNT		
	NET TOTAL R		

HEAD OF DEPARTMENT'S SIGNATURE.....

(FINANCE FORM No. 40S)

Annexure 13

UNIVERSITY OF NATAL

KING GEORGE V AVENUE : DURBAN 4001
TELEPHONE 816-3356/7 TELEGRAMS: "UNIVERSITY"

STORES

TO:

N.B. THIS IS **NOT** A VALID ORDER UNTIL THIS BLOCK IS COMPLETED.

FAILURE TO QUOTE THIS ORDER NUMBER WILL DELAY PAYMENT OF THE INVOICE/S.

ORDER No.

Purchase Authorised

.....
For Finance Officer

DELIVER TO: (*Please quote following IN FULL on all parcels*)

CENTRAL SERVICES STORES
FRANCOIS ROAD
DURBAN

FORWARD INVOICE AND STATEMENT TO:

THE FINANCE OFFICER,
UNIVERSITY OF NATAL,
KING GEORGE V AVENUE,
DURBAN 4001.

DATE: ...../...../19.....

HJP Dbn

DESCRIPTION	CODE	QUANTITY		AMOUNT	

UNIVERSITY OF NATAL : DURBAN

REQUISITION

GOODS RECEIVED NOTE

(FINANCE FORM No. 40S)

STORES

DATE RECEIVED

ORDER No.

DATE :

...../...../19.....

H.J.P.Dbn.

DESCRIPTION	CODE	QUANTITY	AMOUNT

UNIVERSITY OF NATAL : DURBAN

REQUISITION

CERTIFICATION OF FULFILMENT OF ORDER

(FINANCE FORM No. 40S)

(Invoice Posting Copy)

STORES

CREDITOR'S CODE

0 0 9

CREDITOR'S ABBREVIATION

DATE RECEIVED

ORDER No.

OFFICE CHECK

Invoice additions, extensions, discount, code, transcription checked and not previously paid.

DATE:

Signed.....
Finance Section

...../...../19.....

H.J.P.Dbn

INVOICE NUMBER	INVOICE DATE		CODE	QUANTITY	AMOUNT

BUYING OFFICE COPY

Annexure 14

REQUISITION

TO BE COMPLETED BY DEPARTMENT

(FINANCE FORM No. 41)

In Quintuplicate, top four copies to be forwarded to Finance Division

0103

DEPARTMENTAL CODE

THIS STRIP WILL BE RETURNED PROMPTLY BY THE FINANCE DIVISION AS CONFIRMATION OF PLACEMENT OF ORDER.

FOREIGN CREDITORS **R**

S.A. CURRENCY ESTIMATED COST (NET)
FOR FINANCE OFFICE USE ONLY

ORDER NUMBER WILL BE INSERTED HERE :➤

UNIVERSITY OF NATAL

KING GEORGE V AVENUE: DURBAN 4001 SOUTH AFRICA
TELEPHONE: 253411 DURBAN TELEGRAMS: "UNIVERSITY"

N.B. THIS IS NOT A VALID ORDER UNTIL THIS BLOCK IS COMPLETED.

ORDER No.

FAILURE TO QUOTE THIS ORDER NUMBER WILL DELAY PAYMENT OF THE INVOICE/S.

Purchase Authorised

.....
For Finance Officer

DELIVER TO : *(Please quote following IN FULL on all parcels)*

.....DEPT.

ROOM No.....BLDG.

.....
DURBAN

FORWARD INVOICE & STATEMENT TO:

THE FINANCE OFFICER,
UNIVERSITY OF NATAL,
KING GEORGE V AVENUE,
DURBAN 4001.
SOUTH AFRICA.

DATE :

...../...../19.....

QUANTITY	DESCRIPTION	FOREIGN AMOUNT
	LESS DISCOUNT	
	ESTIMATED NET TOTAL	

Kohler

HEAD OF DEPARTMENT'S SIGNATURE.....

REQUISITION **PROVISIONAL DEBIT** (FINANCE FORM No. 41)

0103
DEPARTMENTAL CODE (1–8)

FOREIGN CREDITORS R

S.A. CURRENCY ESTIMATED COST (NET) (51–59)

CREDITORS ABBREVIATION (9–15)	CODE (16–22)	P.I. (23)	NAT. PAYT. (24–25)	CURR-ENCY (26–27)	ESTIMATED FOREIGN AMOUNT (28–36)

ORDERS CONTROL
2 9 0 1 4 0 9 9

DATE (37–44)

PROVN.

ORDER No. (68–77)

DELIVER TO: *(Please quote following IN FULL on all parcels)*

.....DEPT.

ROOM No.....BLDG.

DURBAN

FORWARD INVOICE & STATEMENT TO:

THE FINANCE OFFICER,
UNIVERSITY OF NATAL,
KING GEORGE V AVENUE,
DURBAN 4001.
SOUTH AFRICA.

DATE

...../...../19.....

QUANTITY	DESCRIPTION	FOREIGN AMOUNT

LESS DISCOUNT

ESTIMATED NET TOTAL

HEAD OF DEPARTMENT'S SIGNATURE.....

REQUISITION

CERTIFICATION OF FULFILMENT OF ORDER

(FINANCE FORM No. 41)

(Invoice Posting Copy)

ACTUAL COST (S.A. RAND) 51–59

R

0103

DEPARTMENTAL CODE 1–8

ESTIMATED COST (S.A. RAND)

FOREIGN CREDITORS

CREDITORS ABBREVIATION	CREDITORS CODE (9–15)	P. I. (23)	NAT. PAYT. (24)	CURR-ENCY (26)	ACTUAL FOREIGN AMOUNT (28–36)

ORDERS CONTROL

2	9	0	1	4	0	9	9

INVOICE DATE 37–44

ORDER DATE

45 INVOICE No. 50

DEPARTMENTAL CERTIFICATE

DELETE SECTION THAT DOES NOT APPLY

I hereby certify that the goods/services have been received/rendered and that payment may be made accordingly.

****

I hereby certify that the goods/services (except those marked*) have been received/rendered and that payment of unmarked items may be made accordingly. Items marked * have not been received/have been returned to the supplier. A new order will be placed for these items. Kindly cancel the provisional debit relevant thereto.

68 ORDER No. 77

Signed.....
Head of Department

DELIVER TO: *(Please quote following IN FULL on all parcels)*

.....DEPT.

ROOM No.....BLDG.

.....

DURBAN

OFFICE CHECK

Invoice additions, extensions, discount, code, transcription checked and not previously paid.

Signed.....
Finance Section

DATE :

...../...../19.....

QUANTITY	DESCRIPTION	FOREIGN AMOUNT

LESS DISCOUNT

ESTIMATED NET TOTAL

Kohler

HEAD OF DEPARTMENT'S SIGNATURE.....

REQUISITION | CREDITORS COPY OF ORDER | [FINANCE FORM No. 41]

0103

DEPARTMENTAL CODE

FOREIGN CREDITORS

ESTIMATED COST (NET) R

NOTES:—

*INVOICE No.

*To be inserted later by Department

68 *ORDER No. 77

DELIVER TO: *(Please quote following IN FULL on all parcels)*

.....DEPT.

ROOM No.....BLDG.

.....

DURBAN

FORWARD INVOICE & STATEMENT TO:

THE FINANCE OFFICER,
UNIVERSITY OF NATAL,
KING GEORGE V AVENUE,
DURBAN 4001.
SOUTH AFRICA.

DATE :

...../...../19.....

QUANTITY	DESCRIPTION	FOREIGN AMOUNT
	LESS DISCOUNT	
	ESTIMATED NET TOTAL	

Kohler

HEAD OF DEPARTMENT'S SIGNATURE.....

REQUISITION **DEPARTMENTAL COPY OF ORDER** (FINANCE FORM No. 41)

0103
DEPARTMENTAL CODE

FOREIGN CREDITORS

S.A. CURRENCY ESTIMATED COST (NET)
R

*INVOICE No.

*To be inserted later by Department

This top portion of the original order, bearing this requisition number, will be returned to you for your information, quoting the ORDER NUMBER applicable.

*ORDER No.

DELIVER TO: *(Please quote following IN FULL on all parcels)*

.....DEPT.

ROOM No.....BLDG.

.....

DURBAN

FORWARD INVOICE & STATEMENT TO:

THE FINANCE OFFICER,
UNIVERSITY OF NATAL,
KING GEORGE V AVENUE,
DURBAN 4001.
SOUTH AFRICA.

DATE :

...../...../19.....

QUANTITY	DESCRIPTION	FOREIGN AMOUNT

LESS DISCOUNT

ESTIMATED NET TOTAL

HEAD OF DEPARTMENT'S SIGNATURE.....

UNIVERSITY OF NATAL
DURBAN
CASH PURCHASE ORDER

C.P.O. No. 251528

Date goods received (Y Y M M D D):

Date issued (Y Y M M D D):

Stores Req. No.:

Dept. Code No:

Job No (Man Job):

SUPPLIER: .....

Dept .....

STOCK CODE (for Stores only)			DESCRIPTION	QUANTITY	R	c	o/s
42		0					
42		0					
42		0					
42		0					
42		0					
42		0					
42		0					
42		0					
42		0					
42		0					
42		0					
42		0					

SIGNED: ..... Buyer

Goods Received by: .....

Cash Received by: .....

'Multicopy' Durban

Annexure 15

Annexure 16

ESTIMATES FOR 1986

STANDARD FURNITURE ALLOCATION

	PROFESSORS	SENIOR LECTURERS AND LECTURERS	ADMINISTRATIVE ASSISTANT/TYPIST SECRETARY
	R	R	R
DESK	905	470	565
TELEPHONE CABINET	245	-	-
CHAIR	650	285	165
2 VISITORS CHAIRS	650	370	-
BOOKCASE	425	200	-
WASTE-PAPER BIN	11	11	11
CARPET	275	-	-
FILING CABINET	185	185	185
STATIONERY CABINET	-	-	195
FAN	75	75	75
HEATER	75	75	75
	R 3 496	R 1 671	R 1 271

Annexure 17

PAGE: 002 RUN ON: 25/04/86

UNIVERSITY OF NATAL
STORES STOCKS REORDER

STORES CODE	ITEMS	QUANTITY	ORDER
42 2 10530	BENDS SOLID 20MM	6	
42 2 11710	CABLE 1MM2 SINGLE 10A	2	
42 2 11720	CABLE 1MM2 SINGLE 10A	2	
42 2 11840	CABLE PVC 1.5MM2 WHITE/ASST	4	
42 2 12410	CIRCUIT BREAKER 60A SP HEINEMA	1	
42 2 12530	CIRCUIT BREAKER 45A DP HEINEMA	3	
42 2 12650	CIRCUIT BREAKER 60A TP HEINEMA	1	
42 2 13200	CLIPS ROKA 5MM FLAT RIPCORD	10	
42 2 13250	CLOCKS ELECTRIC 300 MM DIAMETE	6	
42 2 13260	CLIPS ROKA 10MM	10	
42 2 13510	CONNECTORS SCRUIT LARGE	10	
42 2 13560	CONNECTORS STRIP 15A PVC	20	
42 2 13840	DIST BOARD 12 WAY HEINEMANN	3	
42 2 13990	DRILLS MASONRY 9.0 MM	6	
42 2 14020	EARTH LEAKAGE UNIT 60A 3P FWJ	1	
42 2 14050	EARTH LEAKAGE UNIT 60A DP FWJ	1	
42 2 14150	ELEMENTS GEYSER 2000W	3	
42 2 15060	CABLE 1MM PVC RED	1	
42 2 15430	TUBES FLUORESCENT 2,030M 1 PIN	1000	
42 2 15450	TUBES FLUOR TLX 40W FLAME PROO	50	
42 2 15510	STARTERS FLUORESCENT 30 40 80W	100	
42 2 16080	GLANDS COMPRESSION NO 1 PRATLE	30	
42 2 16730	HOLDERS BRASS 12MM BC	20	
42 2 16760	HOLDERS BRASS 50MM BC FLANGED	20	
42 2 16810	HOLDERS BRASS CORD GRIP	20	
42 2 17860	LAMPS FLOOD ES 150 W PAR 38	150	
42 2 18650	PASTE CUTTING BARAK	3	
42 2 19770	POLISHING MACH SPARES DUST BAG	10	
42 2 20440	SCOTCH CAST KITS 82A2	3	
42 2 20730	CONNECTORS SPRAGUE MALE 20MM	50	
42 2 20820	SPRAY Q10 PENETRATING OIL	6	
42 2 21320	SWITCH 3 LEVER INDUSTRIAL	2	
42 2 21540	SWITCH 3 LEVER 100X100	10	
42 2 21820	SWITCH TOGGLE 10 AMP	10	
42 2 22310	THERMOSTAT SATCHWELL 20A VKF11	20	
42 2 22320	TEE INSPECTION PVC 20MM	20	
42 2 22620	WASHERS BRASS 3/16"	100	
42 2 37370	BANDS METALLITE 40 GRIT	20000	
42 2 41690	EXTENSION REEL 10 AMP X 5 M	20000	
42 2 43770	HINGES BRASS BUTT 50MM	20	
42 2 52530		1	
42 2 58420	NUTS COPPER 22 MM	50000	
42 2 60070	PLUGS BATH 42 MM	10000	
42 2 60160	PLUGS COPPER 22 MM STOPENDS	30000	
42 2 68840	WASTE BASIN 50 MM CORBEL CP	10000	
42 2 70850	BRUSHES PAINT BLOCK # 100	12	
42 2 72410	PAINT GLOSS VELVAGLO 5 LITRES	20	
42 2 77060	STOEP PAINT 5 LITRES	10000	
42 2 81880	PADS BUFFING 425 MM BLACK	20000	
42 2 81890	PADS BUFFING 500 MM ASSTD	10000	
42 2 83160	TOWELS PAPER MEDICAL 18X1X100	20000	
42 2 92680	COMPRESSORS 21000 BTU	2	
42 2 95190	POP RIVETS AS 4821	10000	

UNIVERSITY OF NATAL

STORES REQUISITION

CODE/JOB No. ..... DATE .....

DESCRIPTION AND QUANTITY	R	c

Authorised by: ..... Received by: .....

Annexure 19

UNIVERSITY OF NATAL

KING GEORGE V AVENUE • DURBAN, NATAL
TELEPHONE: 35-2461 TELEGRAMS: "UNIVERSITY"

JOURNAL VOUCHER STORES ITEMS

Finance Form No. 20

No .....

DEBIT

CODE	QTY	DETAILS FOR LEDGER ACCOUNT	AMOUNT
4			
4			
4			
4			
4			

CREDIT

4			
4			
4			
4			
4			

No .....

Narration .....

THE USE OF TIPP-EX OR SIMILAR CORRECTING FLUID WILL INVALIDATE THIS CLAIM

Annexure 20

UNIVERSITY OF NATAL

REQUISITION FOR PETTY CASH/CHEQUE PAYMENT

DEPARTMENT:

I hereby certify that this payment is in order. The goods/services have been received and the prices and discounts are correct.

Signed: _____
Head of Department

Please debit code

Payee

(PLEASE PRINT)

Name of Payee and suitable details for Ledger Account

(PLEASE PRINT)

CHEQUE DELIVERY INSTRUCTIONS:

1. Calling : .....

2. Post to : .....

.....

Cheque Voucher No. : .....

Authorised for Finance Officer: .....

Amount

Amount in words .....

.....

.....

IF PAID OUT OF PETTY CASH

Received the amount shown above

_____
Signature of Recipient

Details

For office use only

Prepared by : .....

Checked by : .....

For cheque payments only

Please give sufficient details below to enable the payee to identify the payment

UNIVERSITY OF NATAL

Details of Payment

.....

.....

.....

Annexure 21
3.17.1.
6.4.

UNIVERSITY OF ZULULAND

REQUISITION TO PURCHASE

TO: THE BUYING OFFICE
UNIVERSITY OF ZULULAND
KWA-DLANGEZWA 3886

REQUISITION No. **P** 1871

DATE:

DEPARTMENT: .....

ENTITY No: .....

TEL. EXT: .....

ORIGINATOR SIGN: .....

HEAD OF DEPT. SIGN: .....

DEAN OF FAC. SIGN: .....

IMPORTANT

1. Do not use this document for supplies from Store.
2. Specify your requirements in details (size, model, make etc.)
3. Attach all available documents (Quotations etc.)
4. The Buyer is not authorized to process Departmental Equipment requests unless budgeted for or approved by the Dean of Faculty/Registrar of Finance.

					BUYING TO COMPLETE		
ITEM	QUANTITY	U/M	DESCRIPTION OF GOODS/SERVICES	ACCOUNT No.	UNIT PRICE	DISC. %	TOTAL

DELIVERY PROMISED: % DAYS

+ GST %

Kingspress 33199

SUPPLIER

YES	NO

ORDER CONFIRMATION

ATTENTION OF / TEL. No. / MODE OF TRANSPORT

NAME: / ORDER PROCESSED BY DATE

REGISTRAR FINANCE / DATE OF APPROVAL

NAME: / ORDER TYPED FILE DATE

Annexure 22

3.17.1
6.4.

UNIVERSITY OF ZULULAND

PURCHASE ORDER

Telephone Code 0351 — 93 11 KwaDlangezwa

Postal Address:
Private Bag X1001
KWADLANGEZWA 3886

SUPPLIER:

ORDER No. 0248 | DATE:

QUOTE OUR ORDER No. ON ALL INVOICES AND STATEMENTS

REQUISITION No: CONTACT:

DEPARTMENT: ENTITY No:

ATTENTION: TEL: YOUR REFERENCE:

INVOICES

Quoting the above Order Number, must be sent to:

THE REGISTRAR (FINANCE)
PRIVATE BAG X1001
KWADLANGEZWA 3886

DELIVERY

If not otherwise quoted, all goods to be ex stock delivered.

BY ROAD TO: GOODS RECEIVING DEPOT:
UNIVERSITY STORE

BY RAIL TO: EMPANGENI STATION

IMPORTANT

The University will not accept liability for goods requested and supplied other than quoted on the official University Order

ITEM	QUANTITY	U/M	DESCRIPTION OF GOODS/SERVICES	ACCOUNT No.	UNIT PRICE	DISC. %	TOTAL

DELIVERY PROMISED: TERMS OF PAYMENT % DAYS

+ GST %

Kingspress 33205

BUYING OFFICER (For) REGISTRAR FINANCE

ORIGINAL - SUPPLIER/PINK COPY - CREDITOR/BLUE COPY - STORES/YELLOW COPY - REQUISITION/WHITE COPY - BUYING

UNIVERSITY OF ZULULAND

Annexure 23 3.17.1. 6.4.

GOODS RECEIVED NOTE

X 0052

LIST ONLY GOODS AS ORDERED GOODS NOT ORDERED MUST BE RETURNED IMMEDIATELY GOODS DAMAGED MUST BE LISTED ACCORDINGLY QUOTE "PART DELIVERY" IF APPLICABLE QUOTE "ORDER COMPLETE" IF APPLICABLE	GOODS/SERVICES as listed below have been received by: DEPARTMENT: ..... FROM SUPPLIER: ..... SUPPLIER D.N. No: ..... SUPPLIER INV. No: ..... UNIVERSITY ORDER No: .....

ITEM	QUANTITY	DESCRIPTION OF GOODS/SERVICES	REMARKS	STOCK No.

Kingspress 33197

Signature: .....
Person completing this form

Are the above STOCK ITEMS | YES | NO |

Date Received: .....

If STOCK ITEM enter into CARDEX

Date: ..... Sign: .....
Cardex Entry Senior Storeman

WHITE - BUYER/PINK - CREDITORS/YELLOW - RECEIVING DEPARTMENT/BLUE - STORES

UNIVERSITY OF DURBAN-WESTVILLE

GOODS RECEIVED NOTE

DATE

GRN NO. 053898

DEPARTMENT COPY

ORDER NO

DELIVERY NOTE NO.

DEPARTMENT

CREDITORS NO

CREDITORS NAME

DELIVERY DATE

DELIVERY DETAILS (see display)

GRN NO 053898

STOCK CODE	STOCK CODE	STOCK CODE	STOCK CODE
QTY DELIVERED	QTY DELIVERED	QTY DELIVERED	QTY DELIVERED
G.O.N. NUMBER	G.O.N. NUMBER	G.O.N. NUMBER	G.O.N. NUMBER
REPLACEMENT VALUE (INC. G.S.T.)			

RECEIPT

I certify that the abovementioned order has in every respect been properly executed, that the goods are correct according to specification, have been received in good condition and taken on charge as indicated by stock code.

Systemforms

COMPILED BY

INPUT BY

RESPONSIBLE OFFICER

DATE

UDW 19

359.

Annexure 24

UNIVERSITY OF DURBAN-WESTVILLE

GOODS RECEIVED NOTE

DATE

GRN NO. 053898

DEPARTMENT COPY
(THIS COPY TO BE SIGNED & RETURNED TO STORES)

ORDER NO.

DELIVERY NOTE NO.

DEPARTMENT

CREDITORS NO.

CREDITORS NAME

DELIVERY DATE

DELIVERY DETAILS (see display)

GRN NO. 053898

STOCK CODE	STOCK CODE	STOCK CODE	STOCK CODE
QTY DELIVERED	QTY DELIVERED	QTY DELIVERED	QTY DELIVERED
G.O.N. NUMBER	G.O.N. NUMBER	G.O.N. NUMBER	G.O.N. NUMBER
REPLACEMENT VALUE (INC. G.S.T.)			

RECEIPT

I certify that the abovementioned order has in every respect been properly executed, that the goods are correct according to specification, have been received in good condition and taken on charge as indicated by stock code.

Systemforms

COMPILED BY

INPUT BY

RESPONSIBLE OFFICER

DATE

UDW 19

360°

UNIVERSITY OF DURBAN-WESTVILLE

GOODS RECEIVED NOTE

DATE

GRN NO. 053898

STORES COPY

ORDER NO.

DELIVERY NOTE NO.

DEPARTMENT

CREDITORS NO.

CREDITORS NAME

DELIVERY DATE

DELIVERY DETAILS (see display)

GRN NO. 053898

STOCK CODE	STOCK CODE	STOCK CODE	STOCK CODE
QTY DELIVERED	QTY DELIVERED	QTY DELIVERED	QTY DELIVERED
G.O.N. NUMBER	G.O.N. NUMBER	G.O.N. NUMBER	G.O.N. NUMBER
REPLACEMENT VALUE (INC. G.S.T.)			

RECEIPT

I certify that the abovementioned order has in every respect been properly executed, that the goods are correct according to specification, have been received in good condition and taken on charge as indicated by stock code.

Systeinforms

COMPILED BY

INPUT BY

RESPONSIBLE OFFICER

DATE

UDW 19

361.

UNIVERSITY OF DURBAN-WESTVILLE

GOODS OUTWARD NOTE

DATE

GON NO. 000513

ORDER NO.

INVOICE NO.

DELIVERY NOTE NO.

CREDITORS NO.

NAME

GON NO 000513

STOCK CODE	STOCK CODE	STOCK CODE	STOCK CODE
QUANTITY RETURNED	QUANTITY RETURNED	QUANTITY RETURNED	QUANTITY RETURNED
TOTAL VALUE			

362.

REASON FOR RETURNING GOODS:

Systemforms

PUT BY

COMPILED BY

SUPPLIERS SIGNATURE

UDW

Annexure 25

UNIVERSITY OF DURBAN-WESTVILLE

TRANSFER OF BUDGET FUNDS:

Document no:-

AUTHORIZATION CODE :

DESCRIPTION :

VALUE :

TRANSFERRED FROM:

Department code

Allocation code

TRANSFERRED TO:

Department code

Allocation code

REMARKS: _____

_____

_____

_____

COMPILED BY: _____

INPUT BY: _____

UNIVERSITY OF DURBAN LIBRARY

Annexure 26

Annexure 27

P 05458

Requisition on Central Store for Stores or Equipment.
Benodigdhede of Uitrusting aangevra van Sentrale Magasyn.

(Expendable and non-Expendable.—Verbruiks- en gebruiksgoedere.)

To-Aan_____

Please supply to_____
Lewer asb. aan

Article. Artikel. (1)	Quantity. Hoeveelheid. (2)	* Stores Ledger Sheet No. Voorraadgrootboek blad no. (3)	Equipment Register Sheet No. Uitrustingsregister, blad no. (4)	Rate. Tarief. (5)	Amount. Bedrag. (6)		Remarks. Opmerkings. (7)

CANCELLED
1 Aug 10 19 86

*For use of the Storekeeper only.—Slegs vir gebruik van magasynmeester.

Requisitioning Officer's Signature_____
Handtekening van amptenaar wat aanvraag doen
and/en
Designation.—Ampstitel._____

_____ 19____

Approved.—Goedgekeur.

_____ Signature and Designation.—Handtekening en ampstitel.

The above articles have been received and the non-expendable items have been taken on charge as indicated in column (4) above.

Bogenoemde artikels is ontvang en die gebruiks artikels is geboek soos in kolom (4) hierbo aangetoon.

UNIVERSITY OF DURBAN-WESTVILLE

PURCHASES, STORES AND BUDGET CONTROL

TO ALL HEADS OF DEPARTMENTS, ADMINISTRATION/DIVISIONS

SUPPLY OF STATIONERY

1. Enclosed is an updated Catalogue of stationery items which are available from the Stationery Stores at Block L3.

2. Stationery shall be issued on the *FIRST* and *THIRD WEDNESDAYS* of each Month between 10h00 and 12h00. Where a Wednesday is a Public/University Holiday, stationery shall be issued on the next working day.

3. Departments requesting stationery shall ensure that sufficient funds have been provided on their estimates against the appropriate allocation code/s i.e. 070005 - Stationery Administrative; 070006 - Stationery Formal Instruction and 070007 - Stationery Research.

4. A record of departmental expenditure has to be maintained for SAPSE reporting. In view of this, stationery supplied ex-stores shall be charged out after every issue. Funds have been allocated to certain departments which did not provide for stationery this year. However, all departments must ensure provision is made for stationery in their future estimates.

5. Requests at all times shall be limited to essential requirements and shall be effected by making use of official stationery requisition form, UD-W 20, a supply of which is enclosed.

6. Requisitions shall be ruled off after the last entry and signed by the Head of Department. A composite requisition from each of the Faculty of Education, Engineering and Theology shall be signed by the respective Deans. Any additions after ruling-off shall be initialled by the Head of Department/Dean.

Page 2/.....

7. Completed forms in duplicate shall reach :

THE CHIEF STOREMAN
BLOCK L3

by not later than 12h00 on the Tuesday preceeding the day of issue. Requisitions must be legible and correctly completed in order to avoid any undue delay in the issue of items.

8. Certain items e.g. ball pens, pencil sharpeners, staplers, paper punches and typewriter ribbons (unless a new issue) shall be issued subject to the return of used, broken, damaged articles of the type concerned.

9. Stationery not collected on the day of issue shall be taken back into stock unless prior arrangements have been made with the Chief Storeman. In such circumstances the stationery shall only be supplied on the next date of issue.

10. Departments are afforded sufficient time to prepare and obtain their supplies. Urgent requests for stationery on days other than prescribed, shall be fully motivated and submitted to the Chief Storeman for consideration.

11. The prices indicated on the Catalogue are not firm and are subject to change whenever there is an increase or decrease in the purchase price.

Your co-operation in this regard shall be appreciated.

Yours faithfully

M Bovender
.....
(for) R E G I S T R A R
(ADMINISTRATIVE)

20th Feb. 1985
.....
DATE

Annexure 29

REQ. NO. _____

DATE _____

UD-W 20

UNIVERSITY OF DURBAN-WESTVILLE

REQUISITION FOR STATIONERY FROM STORES

I R O
- ☐ FORMAL INSTRUCTION
- ☐ RESEARCH
- ☐ PUBLIC SERVICE
- ☐ ADMINISTRATIVE/OTHER

DEPARTMENT _____

DEPT. CODE _____

DR. MY DEPT. ALLOC. CODE _____

FOR OFFICE USE : *CESM* _____ *PCS* _____ *OBJ.CAT.* 06

DESCRIPTION	*CATALOGUE NUMBER	QTY. REQ.	*FOR OFFICE USE ONLY* QTY. ISS.	UNIT PRICE	VALUE	
				TOTAL		

HEAD OF DEPT. _____ RECEIVED BY _____

**PLEASE NOTE THAT THE CATALOGUE NUMBER MUST BE FILLED IN.*

Annexure 30

STATIONERY STOCK-TAKING FOR MONTH ENDING :

CODE	DESCRIPTION OF ITEMS	STOCK ON CARD	ACTUAL STOCK ON HAND	SURPLUS	DEFICIENT	REMARKS
A001	Accession Register, A4					
A002	Accession Register, Loose Leaves, A4					
A003	Addo Rolls, 57mm wide					
A005	Addo Rolls, 64mm wide					
A006	Addo Rolls, 65mm wide					
A007	Addo Rolls, 87mm wide					
B001	Binders, Loose Leaf, A4					
B002	Bins, wastepaper, wire, plastic coated					
B003	Blotters, Desk, A2					
B005	Book, Exercise, Soft cover 80pp. A5					
B006	Book Index, A4, 1 quire					
B007	Book Index, A4, 2 quire					
B008	Book Index, A4, Ref. B22					
B009	Book Index, A5					
B010	Book Mark, A4, 1 quire					
B011	Book Mark A4, 2 quire					
B013	Book Note Hardcover, A4, 2 quire					
B014	Book Note Hardcover, A4, 3 quire					
B015	Book, Pen Carbon Duplicate A4, Ref. B34					
B016	Book, Pen Carbon Duplicate A5, Ref. B35					
B018	Book, Register of Remittance					
B020	Book Shorthand, wire bound, 144pp. A5					
B021	Book Softcover Exercise, A4, Ref. B16					
C001	Carbon, Paper Typing A4					
C002	Carbon, Paper Writing A4					
C003	CArds, Library, Catalogue Z218					
C004	Cards, Record, 76 x 127mm					
C005	Cards, Record, 105 x 148mm					
C006	Cards, Record, 127 x 203mm					
C007	Clipboard, A4					
C008	Clips, Bulldog, 32mm					
C009	Clips, Bulldog, 50mm					
C010	Clips, Bulldog, 75mm					

CODE	DESCRIPTION OF ITEMS	STOCK ON CARD	ACTUAL STOCK ON HAND	SURPLUS	DEFICIENT	REMARKS
C013	Clips, Paper Gem					
C014	Clips, Paper Giant					
C015	Clips, Spear Pointed, 17mm					
C016	Clips, Spear Pointed, 26mm					
C017	Clips, Spear Pointed, 33mm					
C018	Clips, Spear Pointed, 47mm					
C019	Clips Twin (File Fasteners) Ref. PBS 1360					
C020	Computer Binders for Print-outs					
C021	Complimentary Slips, cut, A6					
C022	Complimentary Slips, uncut, A4					
E001	Envelopes, C4, 324x229mm, Int.corres.					
E002	Envelopes, C5, 229x162mm					
E003	Envelopes, C6, 114mm x 162,,					
E004	Envelopes, 110x220mm, D L Banker					
E005	Envelopes, 110 x 220mm, Window					
E006	Envelopes, Gusset, Large					
E007	Erasers, ink					
E008	Erasers, Soft Pencil					
E009	Erasers, TYPIST WITH BRUSH					
E010	Envelopes, Jiffy Bags, 220 x 275mm					
E011	Envelopes, White Wove, 89 x 152mm					
E012	Envelopes, C4, 324x229mm, ext. corres.					
F001	File Covers, Folded, plain					
F003	File, box, complete with clip					
F004	File, Box Storage, collapsible Ref.W74C					
F005	File, Kwiksort					
F006	File, Lever-Arch, Fulscap					
F007	File, Mini Arch, A4					
F008	File, Springback, A4					
F009	File, Trunkboard, 2 Ring					
F010	Fastener, Paper fold back & washers					
F011	Fastener, Paper Fold Back, 38mm					
G001	Glue office					
G002	Glue Passport					

CODE	DESCRIPTION OF ITEMS	STOCK ON CARD	ACTUAL STOCK ON HAND	SURPLUS	DEFICIENT	REMARKS
I001	Ink, Endorsing					
I002	Ink, Numbering Machine Black					
I003	Ink, Writing, Blue/black					
I004	Interscrews, 25mm					
I005	Interscrews, 30mm					
I006	Interscrews, 40mm					
I007	Interscrews, 50mm					
I008	Interscrews, 75mm					
L001	Letterheads, A4					
L005	Letter-openers					
P001	Pads, Executive, A4, 80pp.					
P002	Pads, A5, Memo					
P003	Pads, Scrap, A5, 100 leaves, lined-unlined					
P004	Pads, stamp, 65x110mm					
P005	Pads, stamp, 142x107mm					
P006	Pads, A4, memo					
P007	Paper, copy manifold, 30g. A4					
P008	Papers, copy, onion skin, A4,30g.					
P009	Paper, drawing, A3					
P010	Paper, duplicating, A4, 78g.					
P011	Paper, graph A3					
P012	Paper, graph A4					
P013	Paper, money column, 297x420, Ref. Z31A					
P014	Paper, quadruled, A3					
P015	Paper, quadruled, A4					
P016	Paper, ruled, double fulscap					
P017	Paper, ruled, single fulscap					
P018	Paper, typing, bond, A4, 46g.					
P019	Paper, typing, bond, A4, 60g.					
P020	Paper, typing, bond, A4, 70g.					
P021	Paper, wrapping, brown					
P022	Pencils, with rubber, HB					
P023	Pencils, without rubber					
P024	Pens, ballpoint, black					
P025	Pens, ballpoint, blue					
P026	Pens, ballpoint, red					

CODE	DESCRIPTION OF ITEMS	STOCK ON CARD	ACTUAL STOCK ON HAND	SURPLUS	DEFICIENT	REMARKS
P027	Pins, drawing, 14mm					
P028	Pins, drawing, 12mm					
P029	Pins, office					
P030	Punch, paper, 2 hole, large					
P031	Punch, paper, 2 hole, small					
P032	Pads, scrap, A6, unruled					
P033	Paper, typing, bond, A4, 80g.					
P034	Pads, unruled, A4					
R001	Ribbon, correcting, film cassette, Adler/Royal					
R002	Lift Off Tape (Adler/Royal)					
R003	Ribbon, correctable, cassette, IBM, ref. 1299508					
R004	Ribbon, correctable, cassette, IBM, ref. 1299300					
R005	Ribbon, cassette, T3, ref. 1136395,IBM					
R006	Ribbon, cartridge, film, IBM Ref. 1136182					
R007	Ribbon, spool, film, IBM ref. 1136108					
R008	Ribbon, High Yield, correctable film, IBM ref. 1299095					
R009	Lift Off Tapes, IBM ref. 1136433					
R011	Ribbon, black-red(manual - Olivetti)					
R012	Ribbon, carbon, Editor 4C, Olivetti					
R013	Ribbon, carbon, correctable ET111/115, Olivetti					
R014	Lift off Tapes, ET111/115, Olivetti					
R015	Ribbon, correctable, carbon, Lexicon 90/93C, Olivetti					
R016	Lift Off Tapes, ET 121/Lexicon Olivetti					
R017	Ribbons, correctable, carbon, ET 121 Oli.					
R018	Ribbon, correctable, carbon, TES 401,Oli.					
R019	Ribbon, plastic, carbon, electric, Olym.					
R020	Ribbon, black/red, manual machine, Olym.					
R021	Rubber bands, assorted sizes					
R023	Ruler, plastic, 30cm.					
R024	Ruler, wooden, 30cm.					
R025	Rubber bands, 10mm wide					
R026	Lift Off Tapes, IBM 75, ref. 1299315					

CODE	DESCRIPTION OF ITEMS	STOCK ON CARD	ACTUAL STOCK ON HAND	SURPLUS	DEFICIENT	REMARKS
S001	Scissors, office					
S002	Sellotape, 12mm wide					
S003	Stapler, office, standard size					
S004	Staple, remover					
S005	Staples, standard size, No. 7					
S006	String, thick white					
S008	String, thin, white					
S009	Sharpener, pencil, giant					
T001	Tape, document, pink					
T002	Thimbles, rubber					
T003	Thinners for Tippex					
T005	Tipp-ex Liquid & Thinners					
T006	Tippex, paper					
T007	Trays, letter, plastic					
T008	Trays, letter, wire					
T009	Trays, risers					
T010	Treasury Tags					
W001	Wax, sealing					
W002	Wax, tapers (Wick)					

SIGNATURE OF STOCKTAKING OFFICERS : 1. .....

2. .....

UNIVERSITY OF DURBAN-WESTVILLE

Annexure 31

STATIONERY - RECONCILIATION

CAT. NO.	QUANTITY ISSUED	TOTAL
A003		
B001		
B002		
B003		
B005		
B006		
B007		
B008		
B009		
B010		
B011		
B013		
B014		
B015		
B016		
B017		
B018		
B020		
C001		
C002		
C003		
C004		
C005		
C006		
C007		
C008		
C009		
C010		
C013		
C014		
C015		
C016		
C017		
C018		
C019		
C020		
C021		
C022		
C023		
D001		
D002		
E001		
E002		
E003		
E004		
E005		
E006		
E007		
E008		
E009		
E010		
E011		
E012		

CAT. NO.	QUANTITY ISSUED	TOTAL
F001		
F003		
F004		
F005		
F006		
F007		
F008		
F009		
F010		
F011		
G001		
I001		
I002		
I003		
I009		
I011		
L001		
L005		
P001		
P002		
P003		
P004		
P005		
P006		
P007		
P008		
P009		
P010		
P011		
P012		
P013		
P014		
P015		
P016		
P017		
P018		
P019		
P020		
P021		
P023		
P024		
P025		
P026		
P027		
P028		
P029		
P030		
P031		
P032		
P033		
P034		

CAT. NO.	QUANTITY ISSUED	TOTAL
R001		
R002		
R003		
R004		
R005		
R006		
R007		
R008		
R009		
R011		
R012		
R013		
R014		
R015		
R016		
R017		
R018		
R019		
R020		
R021		
R022		
R023		
R024		
R025		
R026		
S001		
S002		
S003		
S004		
S005		
S006		
S008		
S010		
T001		
T002		
T003		
T005		
T006		
T007		
T008		
T009		
T010		
W001		

Annexure 32

FIXED ASSETS

ASSET NO. 0 | DEPT.CODE | BLD. NO.

UDW CLASS | RELATED ITEM | ROOM NO.

DESC.

ALLOC CODE.

PURC. PRICE | DATE | ORDER NO.

BOOK VALUE | DATE | FUND CODE. 410201

REPL. VALUE | DATE | CAMPUS 01

SAPSE

CLASSIFICATION 2 | SUB CLASSIFICATION 0 | CLASS CLASSIFICATION

OWNERSHIP 01 | OWNERSHIP CHANGE

PCS | % 100

CESM | % 50 | CESM | % 50 | CESM | %

PCS | %

CESM | % | CESM | % | CESM | %

INCREASE : VALUE | DATE | ORDER

REMARKS

ASSET NO.	SERIAL NO.	ASSET NO	SERIAL NO	ASSET NO.	SERIAL NO.

COMPILED BY :

Anigh

Annexure 33

STOCK TRANSFER

ASSET NO. ☐☐☐☐☐

FROM

DEPT. GIVING STOCK ☐☐☐☐☐

TO

DEPT. RECEIVING STOCK ☐☐☐☐☐

ROOM NO. ☐☐☐ BLD. NO. ☐☐

DOCUMENT NO. ☐☐☐☐☐

SAPSE:

CODE PCS	%	CODE	%	CESM CODE	%
☐☐☐☐	☐☐☐	☐☐	☐☐	☐☐	☐☐
☐☐☐☐	☐☐☐	☐☐	☐☐	☐☐	☐☐

OORHANDIGINGSERTIFIKAAT–HANDING-OVER CERTIFICATE

DEPARTEMENT ..... **DEPARTMENT**

PLEK ..... **PLACE**

DATUM VAN OORHANDIGING ..... **DATE OF HANDING-OVER**

Ooreenkomstig die bepalings van TI 2215, sertifiseer ons hierby dat ons die oorhandiging van alle Staatsgoed onder beheer van die amptenaar belas met toesig oor

.....

.....

voltooi het en dat, behoudens die verskille op hierdie en

die volgende bladsye genoem, genommer..... die bruikbare Staatsgoed voorhande in ooreenstemming is met die balanse van die grootboek of ander rekords.

Voorts sertifiseer ons dat die lys van verskille alle artikels insluit wat tot dusver nie vir magtiging tot verrekening voorgelê is nie.

.....

Handtekening en rang van persoon wat oorhandig

.....

Handtekening en rang van persoon wat oorneem

In terms of the provisions of instruction TI 2215 we hereby certify that we have completed the handing-over of all State property under the control of the official

in charge of.....

.....

and that, subject to the discrepancies, enumerated on

this and the following pages, numbered..... the serviceable State property on hand is in accordance with the balances of the ledger, or other records.

We further certify that the list of discrepancies includes all items which have not hitherto been submitted for authority to adjust.

.....

Signature and rank of person handing-over

.....

Signature and rank of person taking-over

Artikel Article	Eenheid Unit	Hoeveelhede/Quantities				Waarde met uitsluiting van verslete of gebreekte artikels Value exclusive of worn-out or broken articles		Verduideliking Explanation
		Volgens hoofgrootboek of ander rekord As per main ledger or other record	Werklik voorhande Actually on hand	Surplus Surplus	Tekort Deficiency			

(BLAAI OM ASB.–P.T.O.)

Annexure 35

UNIVERSITY OF NATAL

NO: 15629

DURBAN STORES REQUISITION

FROM DEPT. OF: _____

DEPARTMENTAL CODE NO. [ ]

JOB No. Man [ ] Job [ ]

STORES CODE NO.			DESCRIPTION	QUANTITY	o/s
4 2		0			
4 2		0			
4 2		0			
4 2		0			
4 2		0			
4 2		0			
4 2		0			
4 2		0			
4 2		0			
4 2		0			

Authorised by: _____ DATE: Y Y M M D D [ ] Received by: _____

PLEASE NOTE

1 *That the departmental code No. or the Job No. must be filled in.*
2 *Values must be ignored as they will be calculated automatically and shown on the Stores Issue Voucher returned with the items ordered.*
3 *Quantity is to be given in the normal units as shown on the stores catalogue.*
4 *The o/s column is for stores use only.*

"MULTICOPY" Durban

Annexure 36

STATIONERY DELIVERIES

DELIVERY POINT: DATE:

PARCEL NO.	DEPARTMENT REQ. NO.	ORDER NO. INV. NO.	DEPARTMENT	FOR ATTENTION	SIGNATURE DEPT. RECEIVED
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					
21.					
22.					

RECEIVING OFFICER'S SIGNATURE:

DRIVER'S SIGNATURE:

OVERALLS/UNIFORMS "PROTECTIVE CLOTHING"

STANDARD ALLOCATION

Stocks of "protective clothing" are maintained in the university store and will be issued once per annum (see issue period below).

The various categories of university employees have been broadly grouped together and the annual allocation of the various types of "protective clothing" application to each group indicated. "Protective clothing" is issued without charge by the university and the make, fabric and quality will be determined by the university.

ISSUE PERIOD

In future the period for issue to all university staff who qualify for "protective clothing" will be between 1st and 31st January each year, on requisition from departments. Please diarise this period for submission of requisitions for your departmental requirements.

Thereafter requisitions for "protective clothing" should be accompanied by an adequate motivation for being requested outside the normal issue period, and indicating the employee's to whom it is intended issue is to be made.

UNIFORMS, OVERRALLS AND PROTECTIVE CLOTHING

The following are the annual allocations of uniforms, overalls and protective clothing for the various grades and categories of staff.

LABORATORY TECHNICIANS, LABORATORY LECTURERS, LABORATORY ASSISTANTS, STORES CLERICAL STAFF, MULTICOPY CENTRE STAFF

Dust Coats	2 per annum

To provide protection for personal clothing

WORKSHOP TECHNICIANS (MAINTENANCE) AND LABOURERS - ENGINEERING WORKSHOPS TECHNICIANS

Overalls - Multi pocket boiler suits white (Foreman plumber) (Airconditioning)	
Continental 2 piece (Technicians) (Electricians) (Garage Mechanics)	2 per annum

OR Dustcoats

LABOURERS

Blue Denim Boiler Suits	2 per annum
Boots (Plumbers and Masons gang only)	1 pair per annum
Gum boots (Plumbers only)	1 pair initially & as required thereafter

GARDENERS AND SPORTS GROUNDS AND FARM LABOURERS

Green overalls	2 per annum
Boots (Mower operators, waste removal, constructrion gangs only)	1 pair per annum
Gum boots (Farm labourers)	1 pair initially & as required thereafter

CARETAKERS (CLEANING STAFF)

Royal Blue Overalls (male)	2 per annum
Sandshoes (male)	1 pair per annum
Maids overalls (female)	2 per annum

GROUP LEADER

Safari suits	2 per annum
Brown shoes	1 pair per annum
Rain coat	1 every 2 years

SECURITY

Trousers	2)
Tunics	2) every 18 months
Shirts	2)
Shoes	1 pair per annum
Cap	1)
Cap band	1) Initially & as required
Greatcoat	1) thereafter
Ties	1)
Oilskins	1 set every 2 years

DRIVERS AND MESSENGERS

Airforce Blue Safari Suits	2 short sleeve) every 2 long sleeve) 2 years

HOSTEL STAFF

Male	- Khaki Trousers Long	2 per annum
	- Khaki Shirts	2 per annum
	- Shoes	1 pair per annum
Female	- Apron	2 per annum
	Maids Overalls	2 per annum

UNIVERSITY OF NATAL

STORES CREDIT

DATE

NUMBER : 33

STORES CODE NUMBER	DESCRIPTION	QUANTITY	VALUE

CODE NUMBER : _____ JOB NUMBER : _____

AUTHORISED BY : _____

RECEIVED BY : _____ TOTALS

UNIVERSITY OF NATAL

NUST06 DATE - 86/03/03 STORES ISSUE VOUCHER PAGE 1

LEDGER NUMBER - 0083080427 SUPPLIES AND SERVICES DUR VOUCHER NUMBER 1129
MAN NUMBER - 00 BUILDING MAINTENANCE DOCUMENT NUMBER 5831
JOB NUMBER - 0000 CLEANING EQUIPMENT & MATE

ITEM	DESCRIPTION	QTY	PRICE	AMOUNT
0042283110	Toilet Rolls	1	25.890	25.89
	AMOUNT DEBITED TO YOUR ACCOUNT			25.89

UNIVERSITY OF NATAL

FORM AR/1
C/C AR01

ADDITIONS TO ASSETS REGISTER

DEPT	BLDG
5 0	2 0 1

CHEMISTRY

ROOM NO.	TYPE	QTY	ASSET NO.	DESCRIPTION OF ASSET & MODEL & SERIAL NUMBER	ORDER NO.	DATE M	DATE Y	VALUE (RANDS)	CLASS

TO : DATA PROCESSING SUP.

PLEASE ARRANGE TO HAVE ABOVE ITEMS INCLUDED IN THE ASSETS REGISTER.

SIGNED: _____ DATE: _____

Annexure 40

ASSETS REGISTER AMENDMENTS

DURBAN

ASSET NO.	C H	DEPT	BLDG	ROOM	TYPE	DESCRIPTION

DATE (MM/YY)	VALUE	C L	SERIAL NUMBER	MODEL NO.	ORDER NO.	RECORD TYPE
						A R 0 2

ASSET NO.	C H	DEPT	BLDG	ROOM	TYPE	DESCRIPTION

DATE (MM/YY)	VALUE	C L	SERIAL NUMBER	MODEL NO.	ORDER NO.	RECORD TYPE
						A R 0 2

ASSET NO.	C H	DEPT	BLDG	ROOM	TYPE	DESCRIPTION

DATE MM/YY)	VALUE	C L	SERIAL NUMBER	MODEL NO.	ORDER NO.	RECORD TYPE
						A R 0 2

ASSET NO.	C H	DEPT	BLDG	ROOM	TYPE	DESCRIPTION

ATE M/YY	VALUE	C L	SERIAL NUMBER	MODEL No.	ORDER NO.	RECORD TYPE

Annexure 42

UNIVERSITY OF ZULULAND

3.17.1.
6.4.

REQUISITION TO STORES

TO: THE SENIOR STOREMAN UNIVERSITY STORES	REQUISITION No.: S 1866	DATE:
IMPORTANT 1. DO NOT USE THIS DOCUMENT FOR PURCHASES. 2 ENSURE THAT ALL GOODS AS REQUIRED ARE TRULY STOCK-ITEMS AS PER STORE CATALOGUE. 3. QUOTE THE STOCK NUMBER FOR EACH STOCK-ITEM REQUIRED AS LISTED IN THE STORE CATALOGUE. 4. REQUESTS FOR ITEMS TEMPORARILY *OUT OF STOCK* MUST BE REQUISITIONED AGAIN, ONCE STOCKS HAVE BEEN REPLACED. PHONE STORES FOR CONFIRMATION. TEL. 20073/75	DEPARTMENT: ..... ENTITY No: ..... TEL. EXT. No: ..... ORIGINATOR SIGN: ..... DEP. HEAD SIGN:	

ITEM	QUANTITY REQUIRED	U/M	DESCRIPTION OF GOODS	STOCK ITEM No.

Kingspress 33196

TOTAL

.....
NAME OF ISSUER/DATE ISSUED

GIS No: ..... DATE: .....
GOODS ISSUE SLIP COMPLETED

SENIOR STOREMAN

1. ENSURE THAT STOCK LEVEL ADJUSTMENT IS CARRIED OUT DAILY.
2. CHECK COMPLETION OF GOODS ISSUE SLIP WITH THIS REQUISITION.
3. FILE THIS DOCUMENT IN NUMERICAL FILE ONLY WHEN ISSUE SLIP IS ENTERED.

Annexure 43

3.17.1.
6.4.

UNIVERSITY OF ZULULAND

GOODS ISSUE VOUCHER

V

GOODS AS LISTED BELOW HAVE BEEN ISSUED TO:	GOODS AS LISTED HAVE BEEN RECEIVED BY:
DEPARTMENT OF: ..... ENTITY No:	DEPARTMENT OF: .....
REQU. No. REFERS: ..... ORDER No. REFERS:	PERSON SIGN: .....
DATE ISSUED: ..... ISSUER SIGN:	TEL EXT. No: ..... DATE: .....

ITEM	QUANTITY	U/M	DESCRIPTION OF GOODS/SERVICES	STOCK ITEM No. ORDER No.	UNIT PRICE	TOTAL

Kingspress 33198

NOTE: SENIOR STOREMAN TO ENSURE

1. STOCK LEVEL ADJUSTMENT DONE ☐
2. COPY OF ORDER REMOVED FROM PENDING FILE TO ORDERS COMPLETED ☐
3. IF PART ORDER: NOTED ON ORDER COPY ☐
4. ENTER GOODS RECEIVED NOTE No. ☐

..... *SENIOR STOREMAN SIGN.*

YELLOW - RECEIVER / PINK - CREDITOR / BLUE - STORES