

DELEGATION OF AUTHORITY POLICY

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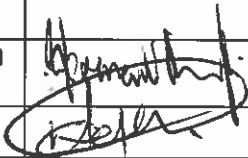

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Document Control

Version and Amendment Schedule

Version	Version Date	Author	Description of Amendments
2.0	5 July 2011	Zandile Nene	Document Amended
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Compliance Schedule

Compliance Type Checked	Compliance Approved by:	Responsibility	Signature	Date of Compliance Approval
Documentation Compliance	H. Pheiffer	Project Manager: TQM (MQR)		
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Approval and Control Schedule

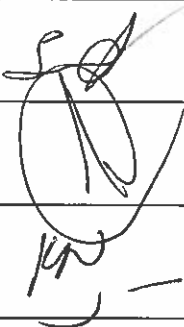
Approved By	Designation	Responsibility	Signature	Date Approved	Copy Status
Mr. S. Mda	Chief Financial Officer	Document Owner			Master
Dr L Makuleni	Chief Executive Officer	Process Owner			
Ms K Njobe	Chairperson: SAWS Board	Approving Authority		2011/11/22	

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Executive Summary

The South African Weather Service is leading role player in the subject area of meteorological science. It plays a leading role both locally and internationally in providing up-to-date weather information services to all its stakeholders. For the organisation to function effectively, it requires goods and services from appointed service providers to enable its operational and business processes.

To this end the *Delegation of Authority Policy* is the means by which the Board defines the limits of authority designated to specified positions of responsibility within the Organisation; and to establish thresholds on the types and amounts of transactions that may be approved by individuals and/or formally established governance structures.

This document forms part of the collective of documents that supports the management of financial resources within SAWS.

This policy on *Delegation of Authority*, herein referred to as “the Policy”, is an internal guidance document of the SAWS which is constituted for approval by the Board as the Accounting Authority, and for the implementation thereof by the CEO as the Accounting Officer.

The approval and implementation of the provisions of this policy affirms the commitment of the Board and Executive Management of SAWS to endorse sound management practices.

This document should not be distributed to the public unless a specific request is made in terms of the Promotion of Access to Information Act.

Part 1: Interpretation

1.1. Purpose

The purpose of this Policy is to define the limits of authority designated to specified positions of responsibility within the Organisation; and to establish thresholds on the types and/or amounts of transactions that may be approved by specific individuals and/or formally established governance structures.

1.2 Scope

The Policy is applicable to all employees and governance structures at SAWS.

1.3 Policy Principles

The Policy principles are derived **mainly from sections 56 and 57 of the Public Finance Management Act (PFMA), 1999 (as amended); regarding the assignment of powers and duties by the Accounting Authorities; and the responsibilities of other officials in a public entity respectively; as well as the Board Charter (as reviewed from time to time) which also makes provision for the Board to delegate other matters to Board Committees, while reserving specific matters to it.**

Section 56 of the PFMA prescribes that:

- (1) The Accounting Authority for a public entity may
 - (a) in writing delegate any of the powers entrusted or delegated to the accounting authority in terms of this Act, to an official in that public entity; or
 - (b) instruct an official in that public entity to perform any of the duties assigned to the accounting authority in terms of this Act.
- (2) A delegation or instruction to an official in terms of subsection (1)
 - (a) is subject to any limitations and conditions the accounting authority may impose;
 - (b) may either be to a specific individual or to the holder of a specific post in the relevant public entity; and
 - (c) does not divest the accounting authority of the responsibility concerning the exercise of the delegated power or the performance of the assigned duty.
- (3) The Accounting Authority may confirm, vary or revoke any decision taken by an official as a result of a delegation or instruction in terms of subsection (1), subject to any rights that may have become vested as a consequence of the decision.

Section 57 of the PFMA prescribes that:

An official in a public entity –

- (a) must ensure that the system of financial management and internal control established for that public entity is carried out within the area of responsibility of that official;
- (b) is responsible for the effective, efficient, economical and transparent use of financial and other resources within that official's area of responsibility;
- (c) must take effective and appropriate steps to prevent within that official's area of responsibility, any irregular expenditure and fruitless or wasteful expenditure and any under collection of revenue due;
- (d) must comply with the provisions of this Act (PFMA) to the extent applicable to that official, **including any delegations and instructions in terms of section 56;** and
- (e) is responsible for the management, including the safeguarding of the assets and the management of liabilities within that official's area of responsibility.

1.4 Introduction

The approval of commitments and transactions outlined in the Policy should always be made by any delegated person or body that have been designated the responsibility for final approval. All employees should adhere to the Policy; and any violation of the Policy would be subject to appropriate disciplinary procedures and processes.

1.5 Reference to Other Policies

- 1.5.1 Finance and Administration Policy
- 1.5.2 Supply Chain Management Policy

1.6 Reference to other Statutory and Regulatory Requirements

- 1.6.1 South African Weather Service Act, No. 8 of 2001 (as amended)
- 1.6.2 Public Finance Management Act, No 1 of 1999 (as amended)
- 1.6.3 SAWS Board Charter (as reviewed from time to time)
- 1.6.4 Board Committees Terms of Reference (as reviewed from time to time)

- 1.7 Definitions
- 1.7.1 **“Board”** means a collective of members of the Board of SAWS, appointed in terms of the South African Weather Service Act, as amended from time to time; who is also an accounting authority in terms of Chapter 6 of the PFMA
- 1.7.2 **“Chief Executive Officer (CEO)”** means the Chief Executive Officer (CEO) of SAWS who is responsible for the overall management of day-to-day operations of the business of SAWS; who is also an ex-officio member of the Board;
- 1.7.3 **“Chief Financial Officer (CFO)”** means the financial director of SAWS who is responsible for the overall management and control of the business of such body corporate or enterprise. and an ex-officio member of the Board;
- 1.7.4 **“Delegated Person”** means any employee who has been authorised in terms of this Policy to execute particular transactions;
- 1.7.5 **“Delegated Body”** means any formal governance structure or body authorised in terms of this Policy to execute particular transactions;
- 1.7.6 **“DEA”** means the Department of Environmental Affairs;
- 1.7.7 **“Employee”** means, any person who is employed by or works for SAWS and who receives or is entitled to receive remuneration;
- 1.7.8 **“Employer”** means the South African Weather Service;
- 1.7.9 **“Executive Committee”** means a collective of officials at executive management level, including the CEO, the CFO and General Managers;
- 1.7.10 **“Executive Authority”** means the Shareholder, as represented by the Minister of Water and Environmental Affairs and his/her successor;
- 1.7.11 **“PFMA”** means the Public Finance Management Act, No. 1 of 1999, as amended;
- 1.7.12 **“SAWS”** means the South African Weather Service established in terms of the South African Weather Service Act No 8 of 2001 (as amended);
- 1.7.13 **“SAWS Act”** means the South African Weather Service Act No. 8 of 2001 (as amended)

1.8 Abbreviations

AR	Audit & Risk Committee
BC	Board Chairperson
BCC	Board Committee Chairperson
BoD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CS	Company Secretary
DEA	Department of Environmental Affairs
EA	Executive Authority (Shareholder)
EXCO	Executive Committee
HRR	Human Resource and Remuneration Committee
NT	National Treasury
SP	Strategic Programmes Committee

1.9 Keys

FA	Final Approval
FR	Final Recommendation
MI	Must be Informed
MA	Must Agree
O	Originator

Part 2: Organisational Context and Application

2.1 Organisational Context

Any dispute that may arise from the implementation of this policy shall be dealt with in accordance with SAWS' dispute resolution procedures.

2.2 Sanctioning and Review of Policy

2.2.1 Once this Policy has been approved by the Board, no amendment shall be made to it nor shall any deviations be made without the approval of the Board.

2.2.2 In the event that there is a need to deviate from any aspect of this Policy, a formal disposition document must be prepared stating the nature and the reasons for the proposed departure and this must be submitted to the CEO for recommendation to the Board.

2.2.3 This Policy is a dynamic document and it shall be reviewed annually or as the need arises to reflect the current developments.

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Part 3: Delegations

ACTIVITY	EA	DEA	BoD	BC	AR	HRR	SP	BCC	CEO	EXCO	GM/CFO	CS
1. EXECUTIVE AUTHORITY (SHAREHOLDER) MATTERS												
1.1 SAWS Mandate												
• Promulgation of the SAWS Act	FA	O	FR									
• Amendments	FA	MA		MI	MI	MI	MI		MA	O		O
1.2 SAWS Board												
• Appointment	FA	O	FR									
• Remuneration	FA	O	MA	MI	MI	FR	MI	MI	MI			O
• Filling of vacancies	FA	O/MA	MI/FR	MI/MA	MI/MA	MI/FR	MI/MA	MI	MI			
1.3 Compliance and Reporting												
1.3.1 Strategic Plan	FA	MA	FR		MA	MA	MA		O	O		
1.3.2 Annual Performance Plans & Budget	FA	MA	FR		MA	MA	MA		O	O		
1.3.3 Quarterly Reports	MI	MA	MA		MI	MI	MI		O	O		
1.3.4 Annual Financial Statements	MI	MI	FA		MA	MA	MA		FR	O		
1.3.5 Annual Report	MI	MI	FA		MA	MA	MA			O		
2. BOARD MATTERS												
2.1 Governance (Board)												
2.1.1 Board Governance Structure	MI	MI	FA	FR	MA	MA	MA		MI			O
2.1.2 Board Charter			FA	FR	MA	MA	MA		MI			O

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ACTIVITY	EA	DEA	BoD	BC	AR	HRR	SP	BCC	CEO	EXCO	GM/CFO	CS
2.1.2 Establishment of Committees	MI	MI	FA		MA	MA	MA		MI			O
• Appointment			FA		MA	MA	MA		MI			O
• Committees Terms of Reference			FA		MA	MA	MA		MI			O
• Co-opting of independent experts			FA	MA	FR	FR	FR	MA	MI			O
2.1.5 Secretariat												
• Appointment of the Company Secretary			FA	MI	MI	O/FR			MA			
• Performance Assessment			MI	FA					O/FR			
2.1.3 Performance Assessment	MI											
• Board			MA	MI	MI	FR	MI	MI	MI			O
• Committees			MI	MI	MA	MA	MA	FR	MI			O
• Board members			MI	MI	MA	MA	MA	FR	MI			O
2.1.6 Board/Committee Meetings												
• Agenda			FA	MA				MA	MI			O
• Notice to convene meetings			FA	MA				MA	MI			O
• Minutes of meetings			FA	MA					MI			O
- Board					FA	FA	FA	MA	MI			O
- Committees									MI			O
2.2 Governance (Other)												
2.2.1 Auditors												
• Appointment of Internal Auditors			MA		FA	MA	MA		MI		O-CFO	
• Internal Audit Plan			MA		FA	MI	MI		MI		O-CFO	
• External Audit Plan			MA		FA	MA	MA		MA		O-CFO	

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ACTIVITY	EA	DEA	BoD	BC	AR	HRR	SP	BCC	CEO	EXCO	GM/CFO	CS
<ul style="list-style-type: none"> Internal/External Audit Fees Performance Assessment (Internal Auditor) 			FA MI	MI	FR MA	MA	MA		MA		O-CFO	O
2.2.2 Risk Management												
<ul style="list-style-type: none"> Risk Management Risk Management Plan 	MI		MA MA	MI MI	FA FA		MA	MI MI	FR FR	O O		
2.3 SAWS Policies												
<ul style="list-style-type: none"> Approval Amendments 			FA FA		FR FR	FR FR	FR FR		MA MA	MA MA	O O	O O
3. FINANCIAL MATTERS												
3.1 EXPENSE APPROVAL												
<i>(Including all related motivations such as Single Source)</i> Please refer to DoA on Operational Matters for amounts less than R500,000.												
3.1.1 Single Operational Expenditure within budget <ul style="list-style-type: none"> From R500,000 up to R1 million More than R1 million and less than R5 million Above R5 million 									FA FA FA	FR FR FR	O O O	
3.1.2 Single Capital Expenditure												
<i>(Please refer to DoA on Operational Matters for amounts up to R200,000)</i> <ul style="list-style-type: none"> More than R200,000 and less than R500,000 From R500,000 up to R5 million Above R5 million 									FA FA FA	FR FR FR	FR O O	

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ACTIVITY	EA	DEA	BoD	BC	AR	HRR	SP	BCC	CEO	EXCO	GM/CFO	CS
3.1.3 Single Expenditure – Staff Remuneration <ul style="list-style-type: none"> Annual and performance bonus 	MI=PC	FA							FR	MI	O=CFO/H CM	
3.2 APPROVAL OF LEASES												
3.2.1 Operating leases up to 36 months <ul style="list-style-type: none"> Above R100 000 									FA		FR=CFO	
3.2.2 Operating leases up to 60 months <ul style="list-style-type: none"> Above R100 000 									FA		FR=CFO	
3.2.3 Financial leases All financial leases (excluding equipment) exceeding 5 years and including land for all periods	FA=NT, FR=EA	FR			FR				MA	MI	O=CFO	
3.2.4 Equipment <ul style="list-style-type: none"> Between R100 000 – R2,000,000 R2,000,000 and above 									FA		FR=CFO	
3.2.5 Motor Vehicles up to 60 months <ul style="list-style-type: none"> Above R100 000 [All financial leases must be entered into in accordance with NT Practice Note (Note 5 of 2006/07) issued on 5/12/2006]			FA		FR				MA	MA	O=CFO	
									FA		FR=CFO	

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ACTIVITY	EA	DEA	BoD	BC	AR	HRR	SP	BCC	CEO	EXCO	GM/CFO	CS
3.3 APPROVAL OF CONTRACTS												
<u>3.3.1 Agreements within budget</u>												
<u>3.3.1.1 Commercial Agreements</u>			MI			MI			MI FA		FA=CFO FR=CFO	
<ul style="list-style-type: none"> Up to R500 000 Above R500 000 									FA			
<u>3.3.1.2 Service Level Agreements</u>												
<ul style="list-style-type: none"> Above R250 000 									FA		FR	
3.4 DISPOSAL OF FIXED ASSETS												
<ul style="list-style-type: none"> Valued at more than R 3 million Valued between R1 million to R3 million Value R 500 000 to R 1 million Valued between up to R 500 000 	FA		FR FA		MI MI MI				MA MA FA MI	MI MI FR MA	O=CFO O=CFO O=CFO FA	
Note : Approval per asset disposal committee in all instances												
3.5 Approval and placement of investment (Within rules of policy)												
<ul style="list-style-type: none"> Placing of surplus funds on investment (limited to vanilla investment products). Opening and closure of investment accounts 			FA		MI				MI FR		FA=CFO O=CFO	
3.6 BORROWINGS												
	FA and (National Treasury)		FR		FR				MA	MI	O=CFO	

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ACTIVITY	EA	DEA	BoD	BC	AR	HRR	SP	BCC	CEO	EXCO	GM/CFO	CS
3.7 BANK ACCOUNTS												
• Opening, closure or change of bank accounts					MI				MA	MI	O=CFO	
3.8 BUDGET VIREMENT									FA		O	
											FR=FIN	
4. HUMAN CAPITAL MANAGEMENT MATTERS												
4.1 CHANGE OF ORGANISATIONAL STRUCTURE AT GM AND SENIOR MANAGEMENT LEVEL	MI		FA	MA		FR			MA	MI	O=HCM	
4.2 CHANGE OF ORGANISATIONAL STRUCTURE AT LOWER LEVELS						MI			FA	FR	O	
4.3 Staff Appointment												
• CEO	FA		FR			O						
• GMs			FA	MA		FR		MA	MA			
• Senior Managers						MI			FA	MI	O	
• All other									FA		O	
• Succession Planning									MA	FR	O=HCM	
4.4 REMUNERATION OF EXECUTIVES			FA			FR			MA			
4.5 NEGOTIATION MANDATE ON SUBSTANTIVE ISSUES	MI		FA	MA		FR			MA		O=HCM	
5. GENERAL												
5.1 MEDIA COMMUNICATION (excluding Weather forecasting and related issues)			FA			FR		MI	MA	MI	O=HCM	
			MI	MI					FA	MI	O=CA	

End of Document