

4.3

INTERNAL LOANS

Policy Number: 011A/22/05/07

Scope: The policy provides the financial rules and regulations applicable to the application for and approval of internal loans.

Policy:

- Internal loans to environments for the temporary financing of operating and capital expenditure are considered on merit when the relevant environment does not have adequate funds at its disposal to afford temporary financing in the relevant financial year. For a loan application to be considered, the particular environment must indicate how the obligations of the loan will be met from future income.
- An internal loan will only be made available after a complete debt agreement has been set up and signed by the relevant Responsibility Centre Head. A draft agreement is available from the Accountant - Finance: Funds and Asset Management. The agreement will contain the details, amongst others, of the term for the discharge and the source of financing of the debt (cost point).
- All internal loans up to R500 000 may be approved by the Chief Operating Officer: Finance or, should he/she not be available, by the Chief Director: Finance. Approval for internal loans worth between R501 000 and R5 000 000 must be obtained from the Rector's Management Meeting (Finance) or Finance Committee. Applications for loans larger than R5 000 000 must be submitted to the Executive Committee (Council).
- Total internal loans that are approved may at no stage exceed 10% of the total investment pool of the University (excluding the Stellenbosch Trust).
- Interest on an internal loan will always be levied at the prime rate – 2%.

The financial administration and control of internal loans are handled by the Finance: Funds and Asset Management Division, which calculates interest and discharge entries and keeps an annual journal.

Contact Division:

Finance: Funds and Asset Management