

QUALITY MANAGEMENT SYSTEM

TR-005A-CCT
Finance Committee
terms of reference

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TR-005A-CCT

FINANCE COMMITTEE TOR

CONTENTS

1. LEGISLATIVE FRAMEWORK AND BEST PRACTICES	3
2. PURPOSE	3
3. DEFINITIONS, ACRONYMS AND ABBREVIATIONS	4
4. REPORTING LINES	4
5. COMPOSITION	4
6. SECRETARY OF THE FINANCE COMMITTEE	5
7. MEETING PROCEDURES	5
8. FUNCTIONS	5
9. RESOURCES	6
10. CHANGE OF MANDATE	6
11. REMUNERATION	7
12. ADOPTION OF TERMS OF REFERENCE	7
13. AVAILABILITY OF TERMS OF REFERENCE	7
14. ANNUAL REVIEW OF TERMS OF REFERENCE	7

1. LEGISLATIVE FRAMEWORK AND BEST PRACTICES

Key principles contained in the following legislation and best practices were applied to develop this Terms of Reference:

- a) The South African Constitution Act No. 108 of 1996;
- b) Continuing Education and Training Colleges Act No. 16 of 2006, as amended;
- c) Public Finance Management Act, 1999 (Act No 1 of 1999, as amended by Act 29 of 1999)(PFMA);
- d) National Treasury Regulations of March 2005;
- e) The Companies Act No. 71 of 2008;
- f) King Report on Corporate Governance for South Africa 2002 (“King III”);
- g) Protocol on Corporate Governance for the Public Sector 2002 (“ The Protocol”); and
- h) Standards of Generally Recognised Accounting Practice (GRAP).

2. PURPOSE

2.1 The standard College statute requires Council to establish a Finance Committee.

- 2.2 The purpose of this Terms of Reference is to:
- a) establish the terms of reference of Finance Committee of Council;
 - b) ensure the effective and efficient financial management and performance of treasury functions of the College, and
 - c) ensure that all activities are within the delegations as approved by Council.

3. DEFINITIONS, ACRONYMS AND ABBREVIATIONS

For the purpose of this Terms of Reference, unless the context indicates otherwise, the following definitions, acronyms and abbreviations are set out for the terms indicated:

- 3.1 **“Accounting Officer”** – is the College Principal.
- 3.2 **“Act”** – is the CET Colleges Act No. 16 of 2006, as amended.
- 3.3 **“College”** – the College of Cape Town.
- 3.4 **“Council”**- is the Council of the College established in terms of the Act.
- 3.5 **“DAF”** – is the Delegation of Authority Framework.
- 3.6 **“Department”**; **“DHET”** – is the Department of Higher Education and Training.
- 3.7 **“Management”** – are collectively the College principal and Vice principals.
- 3.8 **“Exco”** – is the Executive Committee of the Council.
- 3.9 **“Finco”** – is the Finance Committee of the Council.
- 3.10 **“TVET”** – is Technical, Vocational, Education and Training.
- 3.11 **“VCET”** is Vocational and Continuing Education and Training.

4. REPORTING LINES

- 4.1 Where the College has an Exco, Finco will report to Exco.
- 4.2 Where an Exco does not exist, Finco will report to Council.
- 4.3 Council have the authority to dissolve the Finco.

5. COMPOSITION

- 5.1 The members of the College Council will elect the members of Finco.
- 5.2 At least 50 per cent of the members of Finco must be external persons who are members of the Council, besides the Accounting Officer, CFO and the Chairperson of the Student Representative Council.

- 5.3 The chairperson of Finco should be the external member of Council who is a financial expert.
- 5.4 The term of office of Finco shall coincide with the Council term for external members elected by Council.
- 5.5 Members of Finco shall be notified in writing of their appointment by the Chairperson of the Council, and their terms of reference shall be included in their letters of appointment.
- 5.6 Council have the authority to remove any member from the Finance Committee.

6. SECRETARY OF THE FINANCE COMMITTEE

- 6.1 The Vice principal (Finances) with the assistance of his/her personal assistant will fulfil the secretariat function of Finco.
- 6.2 The Secretary of Finco should be subjected to adequate secretarial training to enable him/her to discharge his/her duties effectively.

7. MEETING PROCEDURES

- 7.1 Finco shall meet as often as it needs to but should have a minimum of 4 meetings a year and a maximum of 7 meetings. The additional 3 meetings should have the prior approval of the Council.
- 7.2 In the absence of the chairperson of Finco, the committee may appoint any external member of the Council as chairperson for the duration of the meeting.
- 7.3 A quorum of 50%+1 members is necessary for Finco meeting to be properly constituted and proceed, provided that at least two external members of the Council are present.
- 7.4 A Finco member who is absent from three (3) consecutive meetings without an apology shall be deemed to have resigned from the Finco.
- 7.5 Members shall be advised of the meeting date at least 14 calendar days prior to the meeting.
- 7.6 An agenda and meeting pack for Finco shall be circulated to all members at least seven (7) working days before the meeting. Minutes of the previous meetings shall be included with the Finco pack.
- 7.7 All Finco recommendations shall be presented to Exco for submission to Council for ratification or noting.

8. FUNCTIONS

Finco is assigned the following functions:

- 8.1 To monitor the implementation of the DAF that has been prescribed by the DHET.
- 8.2 To take overall responsibility for the review of the appropriateness and applicability of financial policies and recommend suitable changes to Exco/Council.

- 8.3 To oversee and approve College budget submissions, deviations and quarterly revisions and ensure that the outputs to be delivered are specific and consistent with the desired outcomes.
- 8.4 To recommend to Exco/Council, and ensure that the necessary steps are taken to instigate any financial related investigations into financial misconduct or maladministration, when College policy processes to report these matters have not been followed by management. The provisions of S46 of the CET Act need to be followed in this regard.
- 8.5 To ensure that an appropriate management information system is established to provide prompt and accurate financial information.
- 8.6 To consider the quarterly financial reports generated by the Vice Principal: Finance and ensure that the monthly reports are of an acceptable standard and adequately reflect any shortfalls or under-collections in budgeted income (as this may impact on the College's ability to deliver services) as well as any overspending (as this may result in unauthorised expenditure). The quarterly report must also project revenue and expenditure for the remainder of the year, and show any remedial action proposed by the Vice Principal: Finance (where necessary).
- 8.7 To review and recommend to Exco/Council any capital projects, prior to commitment, and to monitor and report on the progress thereon.
- 8.8 To review and recommend to Exco/Council, any necessary and appropriate increases in estimated total costs of projects included in the approved budget, over and above the pre-approved variation in the Supply Chain Management Policy, that management are proposing.
- 8.9 To review and recommend to Exco/Council any sale or disposal of moveable assets proposed by management above the delegation of the Accounting Officer.
- 8.10 To review managements business case before submitting to Council for noting and submission to the Minister to approve the disposal of immovable assets.
- 8.11 To consider and recommend to Exco/Council the write-off of all bad debts or settlement or abandoning of legal actions to recover amounts due to the College.
- 8.12 To consider and recommend to Exco/Council the write-off resulting from impairment of assets per the College's financial policies.
- 8.13 To review and recommend the annual financial statements to Exco/Council.
- 8.14 To consider all financial matters relating to the College's relationship with the Department, NSFAS and any other government organ and make appropriate recommendations to Exco/Council, if necessary.

9. RESOURCES

The College should make available resources, as necessary, for Finco to fulfill its mandate without prejudice and within the confines of the College statute.

10. CHANGE OF MANDATE

Finco may not change the terms of this Terms of Reference nor act *ultra vires* to the mandate it is given without the prior approval of the College Council.

11. REMUNERATION

Finco members will be remunerated in accordance with approved College policies as approved by Council.

12. ADOPTION OF TERMS OF REFERENCE

This Terms of Reference is effective from the date on which it is adopted by the Council.

13. AVAILABILITY OF TERMS OF REFERENCE

A copy of this Terms of Reference should be made available on the College website.

14. ANNUAL REVIEW OF TERMS OF REFERENCE

This Terms of Reference will be subject to an annual review by College management to ensure its relevance.