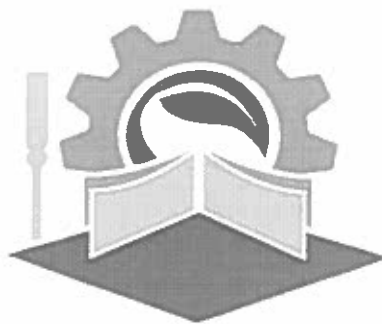


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Finance Committee Charter Policy for Gauteng CET College

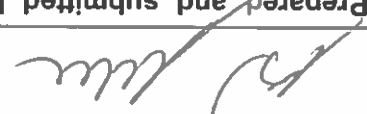
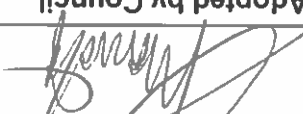
GAUTENG
Community Education and Training
CET COLLEGE



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Finance Committee Charter	
Department: Governance Responsibility: Accounting Officer	
Prepared and submitted by the Accounting Officer to Council  Date: 22/5/2017	Adopted by Council (Signed by Chairperson of Council)  Date: 22/5/17
Implementation Date:	22/5/17

Amendment No.	Amendment description	Originator	Reviewed by	Approved By	Date

AMENDMENT AND APPROVAL RECORD

1. **Legislative framework and best practices**
- Key principles contained in the following legislation and best practices were applied to develop this charter:
- 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 Charter is to:
- a) establish the terms of reference of Finco;
 - 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 charter, 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**", "**CETC**" – is a Community Education and Training College.
 - 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.

7. Meeting Procedures

- 6.2 The Secretary of Finco should be subjected to adequate secretarial training to enable him/her to discharge his/her duties effectively.
- 6.1 Finco shall appoint an internal member of staff to serve as the Secretary of the Committee.

6. Secretary of the Finance Committee

- 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.
- 5.4 The term of office of Finco shall coincide with the Council term for external members elected by Council.
- 5.3 The chairperson of Finco should be the external member of Council who is a financial expert.
- 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 and the CFO.
- 5.1 The members of the College Council will elect the members of Finco.

5. Composition

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

4. Reporting lines

- 3.9 "Finco" – is the Finance Committee of the College.
- 3.8 "Exco" – is the Executive Committee of the College.

- 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 investigate 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. Functions
- 8.1 Finco is assigned the following functions:
- 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 Finco pack.
- 7.7 All Finco recommendations shall be presented to Exco for submission to Council for ratification.

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

9. Resources

- 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 Deputy 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 Deputy 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.

10. **Change of mandate**
 Finco may not change the terms of this Charter nor act *ultra vires* to the mandate it is given without the prior approval of the College Council.
11. **Remuneration**
 Finco members not holding executive office in the College or not employed in the public service shall be remunerated for their services on the Finco, based on DHET guidelines.
12. **Adoption of Charter**
 This Charter is effective from the date on which it is adopted by the Council.
13. **Availability of Charter**
 A copy of this Charter should be made available on the College website.
14. **Annual review of Charter**
 This Charter will be subject to an annual review by College management to ensure its relevance. Colleges should forward any inputs and recommendations to the CET Branch of DHET for possible consideration during the annual review process.
 Any recommended changes agreed by the CET Branch of DHET to the Finance Committee Charter should be presented to the College Council for approval.