



CHARTER FOR THE FINANCIAL SUSTAINABILITY COMMITTEE OF COUNCIL

1. NAME

The name of the committee is the Financial Sustainability Committee of Council and hereafter referred to as the FSC.

2. STATUS

The FSC is a Council Committee established by Council in accordance with section 16 of the UJ Statute and reports to Council.

3. MISSION AND GOAL(S)

3.1 The FSC assists Council in executing its functions in accordance with Section 8 of the UJ Statute and in accordance with the vision, mission, core values and strategic objectives of the University, and subsequent key performance areas and key performance indicators.

3.2 The FSC's objectives are to assist the Council in its obligation to ensure that:

3.2.1 The financial delegations are implemented and reviewed on an annual basis.

3.2.2 Adequate financial policies and procedures are prepared and implemented by the executive management and monitored by the FCC on a continuous basis.

3.2.3 The financial objectives of the University are annually set and achieved by executive management.

3.2.4 An annual budget is prepared and that operational financial controls are in place to ensure the University achieves the budgeted surplus.

3.2.5 The financial and procurement risks of the University are identified and adequately managed by executive management.

3.2.6 The asset base of the University is not depleted by injudicious spending patterns or ineffective investment practices.

3.2.7 The University has adequate funding resources available to ensure effective operations and financial sustainability.

3.2.8 The university investments in commercial activities are viable and sustainable.

3.2.9 The university funds designated for commercial activities and any of its companies are effectively invested and managed to ensure maximum returns at an acceptable risk level.

3.2.10 The excess funds of the University are effectively invested to ensure maximum returns at an acceptable risk level. This is performed by the Investment Committee, a joint sub-committee of the FSC and the UJ Trust.

3.2.11 The assets of the University are adequately insured in the most cost-effective manner.

3.2.12 Review, on an annual basis, the financial sustainability of the University by way of a medium- and long-term financial strategy, detailing various scenarios.

3.2.13 Reviews and update, on an annual basis, the annual financial reporting is done accurately and timeously.

3.2.14 This done with a special emphasis on:

a) Policy,

- b) Strategy,
- c) Performance,
- d) Risk,
- e) Innovation,
- f) Sustainability and
- g) Transformation.

4. COMPOSITION

- 4.1 The Chairperson of the FSC is an external member of Council and is appointed by Council as the Chairperson. When the Chairperson is absent, he/she will, in consultation with the Vice-Chancellor and Principal, appoint an external Council member to act as Chairperson.
- 4.2 At least two additional external members of Council appointed by Council.
- 4.3 Vice-Chancellor and Principal.
- 4.4 Chief Financial Officer (co-opted).
- 4.5 Other internal member(s) of Council may be appointed by Council.
- 4.6 The FSC may co-opt a member(s) as approved by Council.

Note: In accordance with Section 8.3 of the UJ Statute, the Council may appoint persons, who are not members of Council, as co-opted members of its committees as it deems fit.

Invitees

- 4.7 DVC: Research and Internationalisation.
- 4.8 Executive Director: Financial Governance and Revenue.
- 4.9 Executive Director: Expenditure.
- 4.10 The Chairperson, in consultation with the Vice-Chancellor, may invite persons to attend a meeting for a specified purpose related to the relevant agenda.

5. FUNCTIONS

- 5.1 The Financial Delegations:
 - 5.1.1 Determines the Financial Delegation of Authority within the University for recommendation to Council.
 - 5.1.2 Monitors compliance with the approved financial Delegation of Authority.
- 5.2 Financial policies and procedures:
 - 5.2.1 Evaluates the financial policies and procedures to protect the financial sustainability of the University and to ensure best practices and corporate governance.
 - 5.2.2 Monitors compliance with the approved financial policies and procedures.
- 5.3 Financial objectives:
 - 5.3.1 Reviews the financial strategy for approval by Council when applicable.
 - 5.3.2 Considers and reports to Council whether the financial objectives were achieved.
- 5.4 Annual Budget:
 - 5.4.1 Considers the annual budget, taking into account the financial objectives and the strategic objectives of the University.
 - 5.4.2 Recommends the budget to Council for approval.
- 5.5 Commercial Activities:
 - 5.5.1 Recommends to Council for approval the structure of commercial entities, shareholding/royalties compilation including but not limited to:
 - a) Proposed shareholding of every stakeholder, and the contribution of every shareholder to the financing and management (including the direction of the proposed subsidiary).

- b) The planned manner in which the shareholding of the University, and the other role players, will change in time, and the reasons for such change.
- 5.5.2 Recommend to Council Exco, for approval, representatives to serve in the following roles:
 - a) Directors/trustees.
 These representatives should include individuals who are sufficiently skilled in executing the duties of the boards of directors in enhancing the operations of the entity and provide oversight.
 The board should be constituted by individuals with the following skills:
 - i. Accounting and tax knowledge.
 - ii. Legal knowledge and experience.
 - iii. Industry-specific knowledge.
 - iv. Proven general business acumen.
 - v. Prior board experience.
 - vi. Commercial and entrepreneurship knowledge.
 - b) Shareholders representatives.
- 5.5.3 Recommend to Council performance targets for commercial projects
- 5.5.4 Monitor the performance of the commercial projects.
- 5.6 Financial reporting:
 - 5.6.1 The FSC should be satisfied that the annual financial reports reflect the financial position of the University accurately.
- 5.7 Financial Risks:
 - 5.7.1 Identifies and manages the financial and procurement risks of the University.
- 5.8 Asset base:
 - 5.8.1 The FSC ensures that the asset base of the University is protected against injudicious spending patterns, by ensuring an annual budget is prepared and that a financial strategy has been developed and are reviewed annually.
 - 5.8.2 The FSC is responsible to oversee the development and implementation of the University's investment strategy. For this purpose, it has established an Investment Committee which performs the operational investment activities. The Investment Committee reports to the FSC on all aspects of the University's investments and investment mandates.
- 5.9 Considers and monitors the functionality of the FSC in terms of the following fiduciary directives: policy, strategy, risks, performance, innovation, sustainability and transformation.
- 5.10 Other matters as decided/delegated by the Council.

6. SCOPE OF AUTHORITY

Council delegates the scope of authority to the FSC as it deems fit.

7. FINANCIAL MANAGEMENT

The FSC:

- 7.1 Functions within the University's financial management policies and procedures.
- 7.2 Applies the principles of corporate governance with regard to financial management.

8. MEETING PROCEDURE AND REPORTING

- 8.1 The FSC meets at least quarterly (meeting dates set in advance and contained in the University's Year Programme).

- 8.2 The majority of the members should be present to constitute a quorum.
- 8.3 Members are required to declare any conflict of interest at the meeting.
- 8.4 Members of the FSC diligently execute their duty of care and fiduciary duty during deliberations and decision-making.
- 8.5 Decision-making is primarily based on the principle of consensus and/or sufficient consensus.
- 8.6 If consensus cannot be reached, a principle/motion is put to the vote and it is carried if a simple majority vote of those present at the meeting has been obtained.
- 8.7 The chairperson has, on any matter, a deliberative vote and, in the event of an equality of votes, also a casting vote.
- 8.8 The Chairperson, in consultation with the Vice-Chancellor and Principal, may call an extraordinary or emergency meeting in accordance with the Rules for Effective Meetings.
- 8.9 The Chairperson may invite persons who are not members to attend meetings, provided that they may participate in discussions but may not participate in decision-making.
- 8.10 The University Secretariat provides the secretariat who administers meetings in accordance with the Rules for Effective Meetings.
- 8.11 The minutes of each meeting are considered at the next meeting.
- 8.12 Reporting to Council takes place in the form of a written report by the Chairperson and, when applicable, items included in the agenda of the Council meeting.

9 TERMS OF OFFICE

- 9.1 The term of office of external members of Council on the FSC is for the duration of their term on the Council.
- 9.2 Internal members representing the Executive Leadership Group serve by virtue of their office.
- 9.3 The terms of office of co-opted members appointed by Council is a maximum of five years, renewable for a second term.

10. LIFESPAN AND DISSOLUTION

- 10.1 The FSC is instated in accordance with section 16 of the UJ Statute and can therefore only cease to exist if the Council has resigned.

Approved by Council 17 March 2011.

Editorial amendments approved by Council EXCO 19 May 2011.

Amendment approved by Council on 23 November 2012.

Amendments approved by Council on 17 September 2015.

Amended in line with revised UJ Statute of 24 March 2017 – approved by Council on 22 June 2017

Amendments approved by Council on 28 March 2018 (including title changes).

Amendment approved by Council on 23 November 2018.

Charter served at Council meeting of 19 March 2019. No changes were recommended to the Council, for consideration.

Amendments approved by Council on 19 March 2020.