



UNIVERSITY GRANTS COMMISSION

INTERNAL AUDIT CIRCULAR LETTER NO: 01/2021

No.20, Ward Place,
Colombo 07.
06.10.2021

Vice Chancellors of Universities
Rectors of Campuses
Directors of Institutes

TERMS OF REFERENCE (TOR) FOR FINANCE COMMITTEES OF THE HEIs (i) AND INSTITUTES (ii)

The Commission at its 1054th meeting held on 06th May 2021 having considered the requirements to streamline the financial activities of Universities/Campuses/Institutes, granted approval to implement the attached Terms of Reference for Finance Committees of HEIs and institutes with immediate effect.

Any deviations of the said procedures should only be based on the recommendation of the respective Council/Board of Management on the recommendation of their Finance Committee and subject to the approval of the Commission prior to implementation.

You are requested to table, attached TOR before the Finance Committee of your organization for the information of all members/observers and act accordingly.

Senior Professor Sampath Amaratunge
Chairman

- Copies
1. Secretary/Ministry of Education
 2. Chairman's Office/UGC
 3. Vice-Chairman/UGC
 4. Members of the UGC
 5. Secretary/UGC
 6. Deans of Faculties
 7. Registrars of Universities
 8. Internal Auditor/UGC
 9. Accountant/UGC
 10. Bursars of Universities
 11. Librarians/SAL/AL of Universities/Campuses/Institutes
 12. Deputy Registrars/Snr. Asst. Registrars/Asst. Registrars of Campus /Institutes
 13. Deputy Bursars/Snr.Asst. Bursars/Asst. Bursars of Campuses/Institutes
 14. Deputy Internal Auditors/Snr.Asst.Int.Auditors/Asst.Int.Auditors of Universities
 15. Auditor-General
 16. Govt. Audit Superintendents of Universities
 17. Secretaries of Trade Unions

File No. UGC/CIA/F/IA Cir./1

Terms of Reference for the Finance Committees of Universities (i)

Finance Committee is an advisory body and a subcommittee to make recommendations to the Council of the University and other subunits, such as faculties, dept., divisions, units and cells on matters pertaining to finance.

Scope: The Finance Committee shall act within the regulatory framework of the Government that includes Financial Regulations, Establishments Codes (both Government Establishments Code and the Establishments Code of the University Grants Commission & the Higher Educational Institutes), Treasury Circulars, Finance Circulars issued by the General Treasury and the UGC respectively and Finance Circulars issued by the HEIs.

Any decisions beyond the above regulation must be justified and subject to the approval of the authority where the first document is issued.

E.g. : If any HEI wants to go beyond Treasury Circular, approval of the Treasury should be obtained with the recommendation of the Governing Council with a justification as to why they need to go above Treasury Circular. The act on tentative approval is not allowed.

Composition of the Finance Committee

1. Vice- Chancellor of the University - Chairman
2. Minimum two Council members (Nominated by the Council out of appointed members (one with financial expertise if available) – Member
3. All Deans of the Faculties of the University – Member
4. Registrar of the University – Member
5. Bursar of the University – Member and the Convener

The Quorum of the meeting is 2/3 including the Chairman, at least one Council member. Registrar and Bursar should be present at the meeting. The Bursar of the University will act as a Secretary to the Finance Committee. The Deputy/Senior Assistant/Assistant Internal Auditor (as applicable) of the University should attend the meeting as an observer. Minutes related to the meeting shall be submitted to the Council for approval. The officer who submits a memo to the Finance Committee should be invited to the meeting where the memo is taken for an agenda if Dean/Head does not represent the meeting. Minutes of the meeting should be circulated among all relevant depts., divisions.

Functions of a Finance Committee (FC)

1. To function as an advisory body and to make recommendations to the Council on the annual budget/estimate, annual accounts and all other procedural requirements of the finances of the University/Campus including Government Grants, foreign or local funded projects, outside grants, scholarships, consultancy projects and self/internally generated income.
2. To make recommendations to the Council to transfer funds to investments, premature withdrawals, withdrawals and reinvestments.
3. All fund transfers between current accounts of the University/Campus should be submitted to the next Finance Committee for information with a reason for such transfer.
4. To advise the Council to take decisions in areas where financial regulations, directives are not available.
5. To recommend Delegation of Authorities annually in terms of Financial Regulation 135-139.
6. To make recommendations to the Council on any proposed changes in the financial administration of the University/Campus.
7. Recommend to the Council on new proposals and suggestions to improve internal control systems related to financial administration.
8. Study and recommend financial proposals related to research projects, publications and other local and foreign projects recommended by the Research Committee for financing by the University/Campus or other foreign/local organization.
9. Study and recommend the budgets/estimates of programmes organized and funded by the University/Campus (i.e. workshops, seminars, field visits, colours nights, sport meets, cultural events, orientation programmes for new entrants etc.)
10. Study and recommend on matters pertaining to unsettled advances or any other financial matter referred by the Bond Recovery Review Committee, Research Committee or any other subcommittee
11. Recommend to the Council regarding the losses, waive off and write-off as per financial regulations
12. Review, monitor and report financial, physical progress of grants, projects, self-generated income activity, foreign funded project, consultancy project in regular time period as decided
13. Study and report to the Council on any other matter referred to FC by other subcommittee or the Council
14. Look into any other finance related matters which need Finance Committee attention

Atten: In order to avoid delays or in case of urgency, any decision of the Finance Committee could be processed with the approval of the Chairman of the FC subject to the covering approval of the FC and the Council.

Act on Covering Approval: Any urgent payment could be made with the recommendation of the Registrar/Bursar (Campuses as applicable) and then the approval of the Vice Chancellor of the University/Rector of the Campus based on the recommendation made by the Dean/Head of the relevant faculty/dept./division as to why it is urgent subject to covering approval of the immediate next Finance Committee.

Any delay due to negligence shall not be a matter to treat any bill as an urgent

Campuses: Financial matters of the campus should be referred to the Finance Committee of the relevant University. Rector and Deputy Registrar/Senior Assistant Registrar/Assistant Registrar (as applicable) and Deputy Bursar/Senior Assistant Bursar/Assistant Bursar (as applicable) shall be invited.

No of meetings for a year: The Governing Council shall decide the number meetings to be conducted in the next financial year and include in the University/Campus calendar of the year.

Higher Education Institute: Higher Education Institute means a University, Campus, Open University, University College, or Centre for Higher Learning established or deemed to be established under Universities Act No.16 of 1978.

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Terms of Reference for the Finance Committees of Institutes (ii)

Finance Committee is an advisory body and a subcommittee to make recommendations to the Board of Management (BOM) of the Institute and other subunits, such as faculties, dept., divisions, units and cells on matters pertaining to finance.

Scope: The Finance Committee shall act within the regulatory framework of the Government that includes Financial Regulations, Establishments Codes (both Government Establishments Code and the Establishments Code of the University Grants Commission & the Higher Educational Institutes), Treasury Circulars, Finance Circulars issued by the General Treasury and the UGC respectively and Finance Circulars issued by the HEIs.

Any decisions beyond the above regulation must be justified and subject to the approval of the authority where the first document is issued.

E.g. : If any HEI wants to go beyond Treasury Circular, approval of the Treasury should be obtained with the recommendation of the Board of Management (BOM) with a justification as to why they need to go above Treasury Circular. The act on tentative approval is not allowed.

Composition of the Finance Committee

1. Director of the Institute - Chairman
2. Minimum two members of the Board of Management (BOM) (Nominated by the BOM out of appointed members (one with financial expertise if available) – Member
3. All Heads of the Depts. of the Institute – Member
4. Deputy Registrar/Senior Assistant Registrar/Assistant Registrar of the Institute (as applicable) – Member
5. Deputy Bursar/Senior Assistant Bursar/Assistant Bursar of the Institute (as applicable) – Member and the Convener

The Quorum of the meeting is 2/3 including the Chairman, at least one member of the BOM, Deputy Registrar/Senior Assistant Registrar/Assistant Registrar of the Institute (as applicable) and Deputy Bursar/Senior Assistant Bursar/Assistant Bursar of the Institute (as applicable) should be present at the meeting. The Deputy Bursar/Senior Assistant Bursar/Assistant Bursar of the Institute (as applicable) shall act as a Secretary to the Finance Committee. The Deputy Internal Auditor/Senior Assistant Internal Auditor/Assistant Internal Auditor of Institute (as applicable) should attend the meeting as an observer. Minutes related to the meeting shall be submitted to the BOM for approval. The officer who submits a memo to the Finance Committee should be invited to the meeting where the memo is taken for an agenda if Head of the dept. does not represent the meeting. Minutes of the meeting should be circulated among all relevant depts., divisions.

Functions of a Finance Committee (FC)

1. To function as an advisory body and to make recommendations to the Board of Management (BOM) on the annual budget/estimate, annual accounts and all other procedural requirements of the finances of the Institute including Government Grants, foreign or local funded projects, outside grants, scholarships, consultancy projects and self/internally generated income.
2. To make recommendations to the BOM to transfer funds to investments, premature withdrawals, withdrawals and reinvestments.
3. All fund transfers between current accounts of the Institute should be submitted to the next Finance Committee for information with a reason for such transfer.
4. To advise the BOM to take decisions in areas where financial regulations, directives are not available.
5. To recommend Delegation of Authorities annually in terms of Financial Regulation 135 - 139.
6. To make recommendations to the BOM on any proposed changes in the financial administration of the Institute.
7. Recommend to the BOM on new proposals and suggestions to improve internal control systems related to financial administration.
8. Study and recommend financial proposals related to research projects, publications and other local and foreign projects recommended by the Research Committee for financing by the Institute or other foreign/local organization.
9. Study and recommend the budgets/estimates of programmes organized and funded by the Institute (i.e. workshops, seminars, field visits, colours nights, sport meets, cultural events, orientation programmes for new entrants etc.)
10. Study and recommend on matters pertaining to unsettled advances or any other financial matter referred by the Bond Recovery Review Committee, Research Committee or any other subcommittee
11. Recommend to the BOM regarding the losses, waive off and write-off as per financial regulations
12. Review, monitor and report financial, physical progress of grants, projects, self-generated income activity, foreign funded project, consultancy project in regular time period as decided
13. Study and report to the BOM on any other matter referred to FC by other subcommittee or the BOM
14. Look into any other finance related matters which need Finance Committee attention

Atten: In order to avoid delays or in case of urgency, any decision of the Finance Committee could be processed with the approval of the Chairman of the FC subject to the covering approval of the FC and the BOM.

Act on Covering Approval: Any urgent payment could be made with the recommendation of the Deputy/Senior Assistant/Assistant Registrar and Deputy/Senior Assistant/Assistant Bursar (as applicable) of the Institute and then the approval of the Director of the Institute based on the recommendation made by the Head of the relevant dept./division as to why it is urgent subject to covering approval of the immediate next Finance Committee.

Any delay due to negligence shall not be a matter to treat any bill as an urgent

No of meetings for a year: The Governing Board of Management shall decide the number meetings to be conducted in the next financial year and include in the Institute Calendar of the year.

Internal Auditor: The Deputy Internal Auditor/Senior Assistant Internal Auditor/Assistant Internal Auditor (as applicable) of the main University of which Institute is attached should be invited to the meeting if relevant officer is not available in the Institute.

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