

Re: Advisory Committee 2017

The Advisory Committee serves as a critical community champion of Mthethwa Family Development Foundation (MFDF). Members of the Advisory Council share their gifts in service to our mission by providing our organization with their professional expertise; their diverse knowledge of constituent perspectives; their connections to local, national or international resources, colleagues or peers; their philanthropic support or other forms of needed assistance. The Advisory Committee has a governing function within the organization. They get to serve as a robust and transparent governance structure; to oversee the implementation of all MFDF strategies.

MFDF is committed to the vision of giving back for the growth of the community at large. Our strategic projects are aimed at achieving set goals as well as building a reputation as one of the most socially responsible organizations in South Africa. One of the main purposes of good corporate governance is to gain and maintain the trust of all stakeholders – trust in the way the Foundations is managed and supervised, trust in risk control, trust in financial and non-financial reporting and therefore trust in the Foundation as a whole. Integrity, transparency and clear communication are the vanguards of sound corporate governance at MFDF.

In compliance with legislation and regulations, the Foundation will provide all stakeholders and all other parties at the same time with the same information on topics that could have a significant impact on the development of the Foundation, subject to exceptions stipulated by law. Strict compliance with the basic principles of integrity, transparency and clear communication are high on MFDF's agenda. The internal processes are devised as carefully and transparently as possible, ensuring that these values are adhered to throughout the organization.

Characteristics which are important in the development of an appropriate moral stance include the following

Transparency: MFDF conducts business and values relationships based on 100% openness and disclosure.

Accountability: The different committee members are obligated to account for their activities, accept responsibility and to disclose the results thereof. All financial transactions must be clearly outlined with due processes followed.

Result Oriented: Committees strive to achieve all set goals in a responsible manner within the allocated time frame.

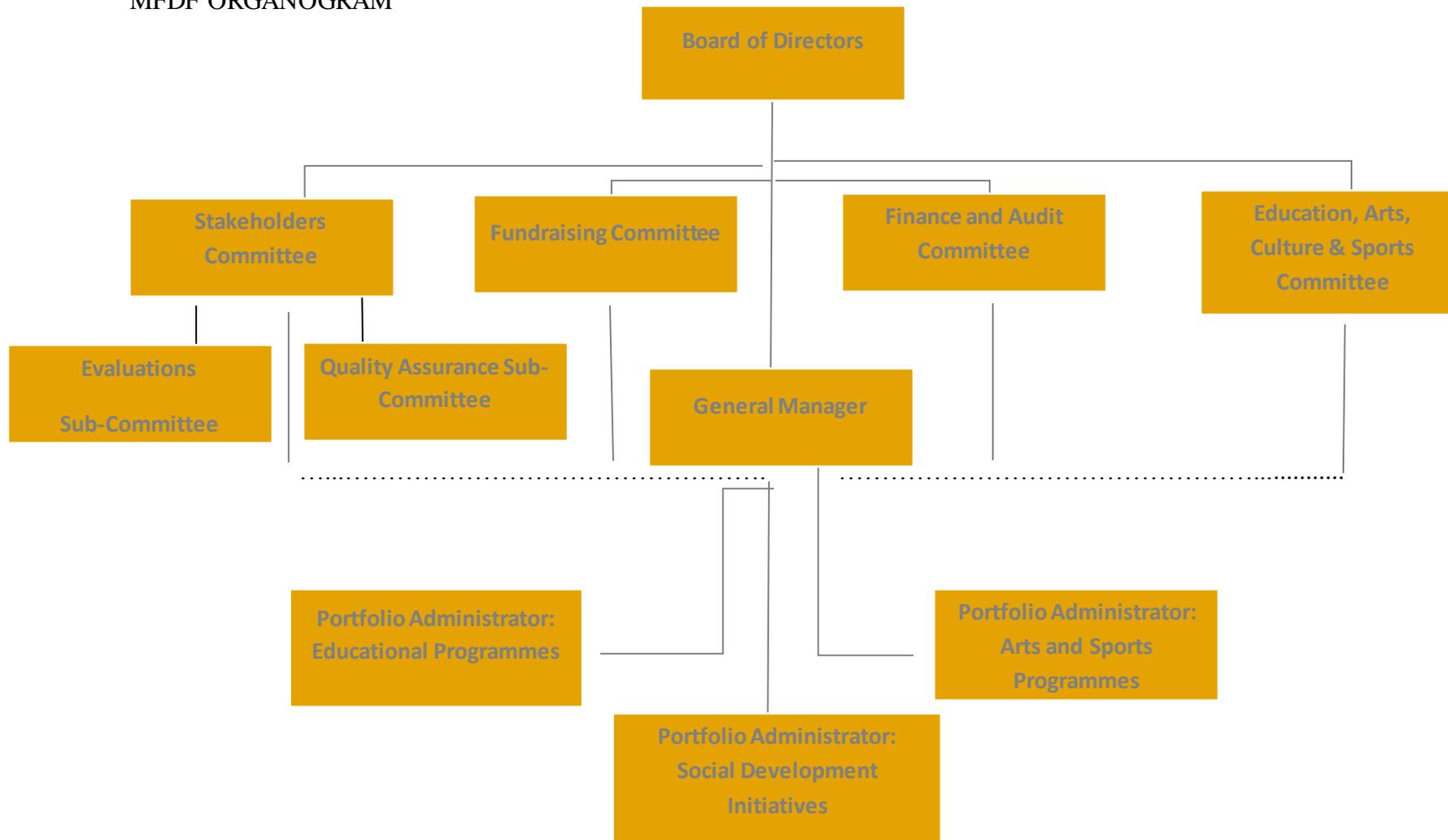
Professionalism: Every member demonstrates a high level of excellence, professionalism and competence in carrying out their duties. This is reflected

Integrity: Committee members operate with the highest level of honesty and ethics.

Making a difference: MFDF is set apart because it strives to make a significant difference in the lives of the children through our unique programmes. These programmes would have a lasting positive impact on the mental and physical wellbeing. This is the core value of our organization.

Please find below the organogram details of the different committees responsible for the governing of MFDF and

MFDF ORGANOGRAM



Finance & Audit Committee

The committee's purpose is to act on behalf of the governing board and oversee all material aspects of the Foundation and to provide oversight on financial reporting, internal control and audit functions. The committee's role includes a particular focus on the qualitative aspects of financial reporting and on the Foundation's processes for the management of risk and for compliance with significant applicable legal, ethical and regulatory requirements. The role also includes coordination with other board committees and maintenance of strong, positive working relationships with management, external auditors and other committee advisors.

Responsibilities:

1. Financial Reporting

- Review the appropriateness of accounting policies;
- Recommending policies that maintain and improve the financial health and integrity of the Foundation;
- Reviewing and recommending an annual operating budget consistent with the financial plan and financial policies;
- Monitoring the financial performance of the Foundation against approved budgets and long-term trends.
- Requiring and monitoring corrective actions to bring the Foundation into compliance with its budget and other financial targets
- Evaluate that all procedures are in place and adhered to, to ensure that all donations/sponsorships received as funds, gifts in kind, goods or services are accordingly recorded.
- Evaluate that the following procedures are in place and adhered to:
 - Cash and cheque receipts are recorded and bank deposits made promptly.
 - Reconciliation of receipts and bank deposits is done monthly and discrepancies are promptly addressed, if any.
 - Gifts-in-kind and goods and services received are recorded and either utilised or distributed accordingly.

Evaluate that all procedures in terms of Acknowledgement Letters to Sponsors/ Donors are followed as listed below:

- The Organisations/Individuals name and Tax number (if applicable) are clearly stated.
- For cash and cheques: the amount of the contribution received.
- For gifts-in-kind (non-cash gifts): A description of the non-cash contribution.
- A statement that, “*No goods or services were provided by the Foundation*”, if applicable.

- If any goods or services were provided to the Foundation as a contribution, include a description and good faith estimate of the value of those goods or services and proposed usage thereof.
- A statement that goods or services, if any, that the Foundation provided in return for the contribution consisted entirely of intangible benefits, if applicable
- Reviewing the financial aspects of major proposed programs, campaign's and fundraising initiatives, as well as proposals to discontinue programs or campaigns, and making action recommendations to the board.
- Review the appropriateness of assumptions made by Management in preparing the financial statements;
- Review the significant accounting and reporting issues, and understand their impact on the financial statements.
- Review the annual financial statements, and consider whether they are complete, consistent with prescribed accounting and information known to committee members;
- Obtain assurance from Management with respect to the accuracy of the financial statements;
- Review with management and the external auditors the results of external audit, including any significant issues identified; and
- Review the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.

2. Risks and Controls

- Review and assess the Foundation's operational and financial risk management process, including the adequacy of the overall control environment and controls in selected areas representing significant risk.
- Liaise with Management to ensure that there is a common understanding of the key risks to the Foundation;
- Review whether risk management is carried out in a manner that really benefits the Foundation;
- Assess and contribute to the audit planning processes relating to the risks of the Foundation;
- Review and recommend disclosures on matters of risk in the annual financial statements;
- Review and recommend disclosures on matters of risk and risk management in the annual report;
- Provide regular feedback to the governing board on the adequacy and effectiveness of risk management in the Foundation, including recommendations for improvement.

3. Internal Control

- Review the adequacy of the internal control system, including information technology security and control;
- Understand the scope of external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;
- Review whether relevant policies and procedures are in place and up to date, and whether they are complied with; and
- Review whether the financial internal controls are operating efficiently, effectively and economically.

4. Performance Management

- Review the Foundation's compliance with the performance management and reporting systems;
- Review whether performance management systems reflect the Foundation's purpose and objectives; and
- Review whether the performance reporting and information uses appropriate targets and benchmarks.

5. Compliance

- Review whether Management has considered legal and compliance risks as part of the Foundation's risk assessments;
- Review the effectiveness of the system for monitoring compliance with laws and regulations;
- Review the process for communicating the code of conduct to the Foundation's personnel, and for monitoring compliance therewith; and
- Obtain regular updates from Management regarding compliance matters.

6. Reporting Responsibilities

- Regularly report to the board of directors about committee activities, issues, and related recommendations;
- Report annually to the board of directors, describing the committee's composition, responsibilities and how they were discharged, and any other information required, including approval of non-audit services;
- Submit a summary of its activities for inclusion in the annual report; and
- Review any other reports the Foundation issues that relate to committee responsibilities.

7. Other Responsibilities

- Perform other activities related to this committee as requested by the Board of Directors.
- Safeguard all the information supplied to it within the law;
- Investigate matters within its powers as identified; and
- Confirm annually that all responsibilities outlined to the committee have been carried out.

8. External Auditors

- Recommend the selection of the external auditors for approval by the board of directors.
- Instruct the external auditors that they are responsible to the board of directors and this committee as representatives of the Foundation. In that regard, confirm that the external auditors will report all relevant issues to the committee in response to agreed-upon expectations.
- Review the performance of the external auditor.
- Obtain a formal written statement from the external auditors as to their independence. Additionally, discuss with the auditors any relationships or non-audit services that may affect their objectivity or independence.
- Review requests for any audit-related or permitted non-audit services to be performed by the external auditors that is beyond the scope of the audit engagement letter.
- Review with management and the external auditors the results of the annual audit and related comments in consultation with other committees as deemed appropriate, including any difficulties or disputes with management, any significant changes in the audit plans, the rationale behind adoptions and changes in accounting principles, and accounting estimates requiring significant judgments.
- Provide a medium for the external auditors to discuss with this committee their judgments about the quality, not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the Foundation.
- Discuss the significant findings of the audit including:
 - Critical accounting policies and practices used by the Foundation
 - Alternative accounting treatments within the applicable reporting framework related to material items that have been discussed with management
 - Other material written communications between the auditing firm and management (e.g., management representation letters, engagement letters, etc.)

Meetings

The committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require and the schedule of meetings will be agreed in advance. All committee members are expected to attend each meeting. The committee meetings will normally be attended by the Financial Officer and the committee may invite members of Management or other relevant parties to attend meetings and provide pertinent information, as necessary. The committee will determine its own agenda, ensuring appropriate consultation to include emerging issues and emphasis on the most significant risks.

Evaluation and Review of Committee Charter

1. The committee will annually undertake self-assessment on its performance. The Chairperson will provide each member with feedback on that member's contribution to the committee's activities at least once during a member's term of office.
2. The committee will annually review its performance to ensure that it remains relevant with the Committee's authority, objectives and responsibilities. All changes or amendments will be discussed and approved by the board of directors.

Composition and Qualifications

The committee shall consist of at least three members, including one Board member. The committee may request the presence of a representative of the appointed external auditor, J.S. Jacobs and Associates, to advise on particular financial matters as the need arises. Committee members shall have:

- Knowledge of the primary activities of the Foundation;
- A background in finance, accounting, business and leadership
- The ability to read and understand financial statements and key performance indicators; and
- The ability to understand key operational and financial risks, related controls and control processes.

At least one member, should be literate in financial reporting and control, including knowledge of tax and regulatory requirements, and should have past or current employment experience in finance or accounting or other comparable experience or background.

Appointments and Removals

Committee appointments shall be approved annually by the full board of directors and the committee chairperson shall be selected by the committee members. As of 24^t 2017, the Board of Directors has appointed the following to sit in this Committee.

FINANCE AND AUDIT COMMITTEE MEMBERS		
1.		Chairperson
2.	Mr Simphiwe Mthethwa	Board Member
3.	Miss Delene Tasara	Group Corporate Services Manager