



CHARTER FOR THE COUNCIL AUDIT AND RISK COMMITTEE

1. NAME

The name of the committee is the Council Audit and Risk Committee and hereafter referred to as the Audit and Risk Committee.

2. STATUS

The Council Audit and Risk Committee is a Committee of Council as stipulated in the UJ Statute (section 19) and reports to Council.

3. MISSION AND GOALS

- 3.1 The Audit and Risk Committee assists Council in executing its functions as contemplated in section 11 of the UJ Statute in accordance with the vision, mission, and core values of the University, the approved strategic thrusts and the principles of corporate governance, within the legal and management framework of the University;
- 3.2 The Audit and Risk Committee provides assistance to Council with regard to at least the following:
 - 3.2.1 Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
 - 3.2.2 Matters relating to financial and internal control, accounting policies, reporting and disclosure;
 - 3.2.3 Internal and external audit policies;
 - 3.2.4 The activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
 - 3.2.5 The assessment of all areas of financial risk and the management thereof;
 - 3.2.6 Review/approval of external audit plans, findings, problems, reports and fees;
 - 3.2.7 Risk management;
 - 3.2.8 Compliance with the Code of Corporate Practices and Conduct; and
 - 3.2.9 Compliance with the institutional Code of Ethics.

4. COMPOSITION

- 4.1 Audit and Risk Committee members are independent of the University Executive Management and free from any business or other relationship which could materially interfere with exercising their independent/objective judgment as member of the Audit and Risk Committee;
- 4.2 Chairperson of Council (ex officio);
- 4.3 Chairperson: an external council member with proven financial expertise is appointed by Council as the Chairperson of the Audit and Risk Committee;
- 4.4 At least three additional external members of council, with collective expertise in:
 - 4.4.1 Financial and sustainability reporting;
 - 4.4.2 Internal Financial Controls;
 - 4.4.3 External and Internal Audit process;
 - 4.4.4 Corporate Law;
 - 4.4.5 Information technology;
 - 4.4.6 Enterprise Risk Management.
- 4.5 The Vice-Chancellor and Principal;
- 4.6 An external expert that is not a current member of Council, may be co-opted to the Audit and Risk Committee as approved by Council;

Invitees

- 4.7 Deputy Vice-Chancellor: Finance;
- 4.8 One additional Deputy Vice-Chancellor nominated by the MEC;
- 4.9 The Registrar;
- 4.10 External auditors;
- 4.11 Internal auditors;
- 4.12 Executive Director: Financial Governance and Revenue;
- 4.13 Executive Director: Expenditure;
- 4.14 A representative from the Office of the Auditor-General of South Africa;
- 4.15 Additional internal member(s) of Council may be appointed by Council as invitee(s) as recommended by the Council Executive Committee and approved by Council;
- 4.16 The Chairperson may invite persons to attend a meeting for a specified purpose related to the relevant agenda;
- 4.17 Invitees will not be able to vote;
- 4.18 The University Secretariat provides the secretariat.

5. FUNCTIONS

The Audit and Risk Committee functions in accordance with the authority delegated to it by Council to ensure that internal control systems, information systems, accounting practice, internal and external financial reporting, Enterprise Risk Management and Corporate Governance of the University are continuously adequate and effective;

- 5.1 Accounting and internal control systems:
 - 5.1.1 Satisfying themselves that the management has evaluated the policies and procedures to assess the effectiveness of accounting and internal control systems;

- 5.2 Internal audit function:
 - 5.2.1 Ensure that an independent internal audit function is established and conducted under formal terms of reference (internal audit charter) stipulating the internal audit function's, purpose, authority and responsibility;
 - 5.2.2 Provision of an open avenue of communication between the internal auditors, external auditors and the Council;
 - 5.2.3 Approving the internal audit plan on an annual basis;
 - 5.2.4 Ensuring that the objectives and goals, staffing, budgets and plans provide adequate support for the goals and objectives of the Audit and Risk Committee;
 - 5.2.5 Satisfying itself that the audit plan makes provision for effectively addressing the critical risk areas in the business;
 - 5.2.6 Considering and reviewing with management and the internal auditors, significant findings during the year and management's responses thereto in relation to reliable reporting, corporate governance and effective internal control;
 - 5.2.7 Monitoring and evaluating the performance of the internal audit function in terms of agreed goals and objectives;
 - 5.2.8 Considering and reviewing any difficulties encountered in the course of the audits, including any restrictions on the scope of its work or access to required information;
 - 5.2.9 Considering any changes required in the planned scope of the audit plan;
 - 5.2.10 Ensuring that internal audit service provider has unrestricted access to the Chairperson of the Audit and Risk Committee and/or the Chairperson of Council;
 - 5.2.11 The Committee will meet separately with the internal auditors without management being present at least once on an annual basis.
- 5.3 External audit:
 - 5.3.1 Making recommendations on the appointment, retention or discharge of the external auditors to the Council. On an annual basis the Auditor General should be informed of the appointment of the External Auditors
 - 5.3.2 Evaluating the independence of the external auditors;
 - 5.3.3 Evaluating the planning, scope and effectiveness of the external audit;
 - 5.3.4 Evaluating the external auditors' findings regarding the effectiveness of the internal control systems and recommendations for the improvement thereof;
 - 5.3.5 Assessing material unresolved accounting or audit problems encountered during the external audit;
 - 5.3.6 Evaluating the coordination between the internal and external auditors;
 - 5.3.7 Considering the fees payable to the external auditors and (where necessary) the appointment of external auditors, with a view to make a recommendation to Council;
 - 5.3.8 Develop and approve a non-audit services policy and revise annually where relevant and appropriate. This policy should include the approving of non-audit services rendered by the external auditors;

- 5.3.9 The Committee will meet separately with the external auditors without management being present at least once on an annual basis;
- 5.3.10 Evaluating the University's compliance with legal requirements.
- 5.4 Financial reporting:
 - 5.4.1 Considering whether the annual financial statements are a fair reflection of the financial position and results of operations and whether all relevant acts, regulations and Accounting Practices have been met.
 - 5.4.2 To examine and review the Annual Financial Statements before submission to the Council and prior to press announcements, focusing particularly on:
 - a) Review of accounting policies adopted and any changes in accounting policies and practices;
 - b) Significant financial estimates based on judgment which are included in the financial statements;
 - c) The appropriateness of major adjustments processed at year-end;
 - d) The going concern assumption;
 - e) Compliance with International Financial Reporting Standards (IFRS);
 - f) Both the Deputy Vice-Chancellor's (Finance) statement to be included in the Annual Report and the statement on the effectiveness of the systems of internal control.
- 5.5 Corporate governance review:
 - 5.5.1 Evaluating whether appropriate corporate governance principles were applied.
- 5.6 Information systems:
 - 5.6.1 Evaluating whether the University is sufficiently protected from information system risks;
 - 5.6.2 Evaluating whether IT systems operate effectively and efficiently;
 - 5.6.3 Ensuring that independent assurance is received on IT governance and contracts supporting IT services;
 - 5.6.4 Satisfy themselves whether detailed IT policies exist and whether the policies are complied with.
- 5.9 Enterprise Risk Management:
 - 5.9.1 Approves the institutional Risk Management Model, Enterprise Risk Management Policy and subsequent strategies;
 - 5.9.2 Monitors compliance with the model, policy and strategies reflected in 5.9.1;
 - 5.9.3 Ensures that there are appropriate risk mitigation strategies for all risks above the determined threshold as assessed by the MEC Risk Management Committee of the University;
 - 5.9.4 Reports the unmitigated material risks to the Council.
- 5.10 The Audit and Risk Committee assesses its performance at the last meeting of the year, in accordance with the Performance Management system approved by Council.
- 5.11 Other matters delegated to the Audit and Risk Committee by Council.

6. SCOPE OF AUTHORITY

Council delegates the scope of authority to the Audit and Risk Committee as it deems fit.

7. FINANCIAL RESPONSIBILITIES

The Audit and Risk Committee:

- 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 Audit and Risk Committee meets at least three times per annum (meeting dates set in advance and contained in the University's Year Programme);
- 8.2 The secretariat administers meetings in accordance with the Rules in this regard;
- 8.3 A minimum of two of the external council members must be present at any meeting of the Audit and Risk Committee;
- 8.4 Members are required to declare any conflict of interest prior to the commencement of an Audit and Risk Committee meeting;
- 8.5 The Chairperson shall excuse from the meeting or from any item on the agenda, any or all the employees of the University (or representatives) who could, in the opinion of the Chairperson, have any conflict of interest;
- 8.6 Members of the Audit and Risk Committee diligently execute their duty of care and fiduciary duty during deliberations and decision-making;
- 8.7 Decision-making is primarily based on the principle of consensus and/or sufficient consensus;
- 8.8 If consensus cannot be reached, a decision/motion is put to the vote and the decision/motion is carried if a simple majority vote of those members present at the meeting has been obtained;
- 8.9 The chairperson has, on any matter, a deliberative vote and, in the event of an equality of votes, also a casting vote.
- 8.10 The Chairperson of the Audit and Risk Committee may call an extraordinary or emergency meeting in accordance with the Rules;
- 8.11 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;
- 8.12 The Audit and Risk Committee shall meet at least once a year separately with the external auditors, the internal auditors, and with members from the Management Executive Committee, to discuss any matters that the committee or these groups believe should be discussed privately with the Audit and Risk Committee;
- 8.13 The minutes of each meeting are considered at the next meeting;
- 8.14 Reporting to Council takes place in the form of a written report by the Chairperson and/or items included in the agenda of the Council meeting;

8.15 The Audit and Risk Committee submits a statement to the Registrar: Academic for inclusion in the University's annual report to the Department of Education.

9. LIFESPAN AND DISSOLUTION

9.1 The Audit and Risk Committee is instated in accordance with the Standard UJ Statute and can therefore only cease to exist if the Council has resigned.

9.2 The composition of the Audit and Risk Committee is reviewed by Council every three years, based on the outcome of a corporate governance review.

Approved by Council 17 March 2011 aligned with UJ Statute

Amendments approved by Council EXCO 19 May 2011

Amendments approved by Council on 23 November 2012

Amendments (regarding the composition – 4.4 – approved by Council, 22 Nov 2013)