



CHARTER FOR THE COUNCIL AUDIT AND RISK COMMITTEE

1. NAME

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

2. STATUS

The ARC is a Committee of Council as stipulated in the UJ Statute (Section 16) and reports to Council.

3. MISSION AND GOALS

3.1 The ARC assists Council in executing its functions in accordance with Section 8 of the UJ Statute in accordance with the vision, mission, and core values of the University, the approved strategic objectives and the principles of corporate governance, within the legal and management framework of the University;

3.2 The ARC 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, statutory reporting (*inter alia*, reporting in the required format to external stakeholders) 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 Review of the UJ Risk register, Risk management and governance, including risks related to IT.

3.2.8 Compliance with the Code of Corporate Practices and Conduct.

3.2.9 Compliance with the institutional Code of Ethics.

3.2.10 The above is executed with a special emphasis on:

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

4. COMPOSITION

4.1 ARC 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 ARC.

4.2 Chairperson: An external Council member with proven financial expertise is appointed by Council as the Chairperson of the Audit and Risk Committee. 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.

- 4.3 At least two 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.
- 4.4 The Vice-Chancellor and Principal.
- 4.5 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.

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

- 4.6 Chief Financial Officer.
- 4.7 One additional Deputy Vice-Chancellor nominated by the MEC.
- 4.8 The Registrar.
- 4.9 Any other member of the Management Executive Committee may be nominated by MEC (as it deems fit) as an additional invitee, subject to approval by the ARC.
- 4.10 External auditors (limited to 3).
- 4.11 Internal auditors (limited to 3).
- 4.12 Executive Director: Financial Governance and Revenue.
- 4.13 Executive Director: Expenditure.
- 4.14 Chief Information Officer.
- 4.15 A representative from the Office of the Auditor-General of South Africa.
- 4.16 Additional internal member(s) of Council may be appointed by Council as invitee(s) as recommended by the Executive Committee of Council and approved by Council.
- 4.17 The Chairperson, in consultation with the Vice-Chancellor and Principal, may invite persons to attend a meeting for a specified purpose related to the relevant agenda, provided that they may participate in discussions but may not participate in decision-making.
- 4.18 Invitees will not be able to vote.

5. FUNCTIONS

The ARC functions in accordance with the authority delegated to it by Council to ensure that internal control systems, information systems, accounting practice, 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 Approving the internal audit plan on an annual basis.
 - 5.2.3 Ensuring that the objectives and goals, staffing, budgets, and plans provide adequate support for the goals and objectives of the ARC.

- 5.2.4 Satisfying itself that the audit plan makes provision for effectively addressing the strategic and operational risk areas in the University.
- 5.2.5 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.
- 5.2.6 Monitoring and evaluating the performance of the internal audit function in terms of agreed goals and objectives.
- 5.2.7 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.
- 5.2.8 Considering any changes required in the planned scope of the audit plan.
- 5.2.9 Ensuring that internal audit service provider has unrestricted access to the Chairperson of the ARC and/or the Chairperson of Council.
- 5.2.10 The ARC 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 See Item 5.3.1.
 - 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 ARC 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 are prepared in terms of IFRS and results of operations and whether all relevant acts and regulations 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 Chief Financial Officer's 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, Communication and Technology systems:
- 5.6.1 Evaluating, on an annual basis, the appropriateness and adequacy of all the University's ICT strategies.
- 5.6.2 Evaluating whether the University is sufficiently protected from information system risks.
- 5.6.3 Evaluating whether IT systems operate effectively and efficiently.
- 5.6.4 Ensuring that independent assurance is received on IT governance and contracts supporting IT services.
- 5.6.5 Satisfy themselves whether detailed IT policies exist and whether the policies are complied with.
- 5.7 Enterprise Risk Management:
- 5.7.1 Approves the institutional Risk Management Model, Enterprise Risk Management Policy, and subsequent strategies.
- 5.7.2 Monitors compliance with the model, policy and strategies reflected in 5.7.1.
- 5.7.3 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.
- 5.7.4 Reviews the Institutional Risk Register at each meeting.
- 5.7.5 Reports the unmitigated material risks to the Council.
- 5.7.6 Advising Council on emerging risks.
- 5.8 The ARC assesses its performance at the last meeting of the year, in accordance with the Performance Management system approved by Council.
- 5.9 Considers and monitors the functionality of the ARC in terms of the following fiduciary directives: policy, strategy, risks, performance, innovation, sustainability, and transformation.
- 5.10 Assesses and advises whether the capacity and capability in terms of the required skills (including leadership) is adequate to mitigate the risks within the following divisions:
- a) Academic Administration.
 - b) Finance.
 - c) Information and Communication Systems.
- 5.11 Other matters delegated to the ARC by Council.

6. SCOPE OF AUTHORITY

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

7. FINANCIAL RESPONSIBILITIES

The ARC:

- 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 ARC meets at least three times per annum (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 prior to the commencement of a meeting.
- 8.4 The Chairperson shall excuse from the meeting or from any item on the agenda, any member or invitee (or representatives) who could, in the opinion of the Chairperson, have any conflict of interest.

- 8.5 Members diligently execute their duty of care and fiduciary duty during deliberations and decision-making.
- 8.6 Decision-making is primarily based on the principle of consensus and/or sufficient consensus.
- 8.7 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.
- 8.8 The Chairperson has, on any matter, a deliberative vote and, in the event of an equality of votes, also a casting vote.
- 8.9 The Chairperson may call an extraordinary or emergency meeting in accordance with the Rules for Effective Meetings.
- 8.10 The ARC 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 Committee.
- 8.11 The University Secretariat provides the secretariat who administers meetings in accordance with the Rules for Effective Meetings.
- 8.12 The minutes of each meeting are considered at the next meeting.
- 8.13 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.
- 8.14 The ARC submits a statement to the Registrar for inclusion in the University's annual report to the Department of Higher Education.

9. TERMS OF OFFICE

- 9.1 The term of office of external members of Council on the ARC is for the duration of their term on the Council.
- 9.2 Internal members 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 ARC is instated in accordance with the UJ Statute and can therefore only cease to exist if the Council has resigned.

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).

Amendments approved by Council on 17 September 2015.

Amendments approved by Council on 09 June 2016.

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

Amendments approved by the Council on 14 June 2018.

Amendments approved by the Council on 13 June 2019.

Amendments approved by Council on 11 June 2020.