



## COMPLIANCE POLICY

<b>Policy Owner</b>	Chief Financial Officer
<b>Responsible Division</b>	
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## Related documents

<p><b>Other documents:</b> (e.g. Legislation, DoE and HEQC directives and guidelines)</p> <ul style="list-style-type: none"> <li>Higher Education Act 101 of 1997</li> <li>King IV</li> <li>ISO31000 Risk Management – Principles and guidelines</li> <li>ISO 19600 - Compliance Management Systems</li> <li>Generally Accepted Compliance Practice Framework (GACP) of the Compliance Institute Southern Africa</li> </ul>	<p><b>UJ Documents</b></p> <ul style="list-style-type: none"> <li>UJ Statute;</li> <li>UJ Vision, Mission and Values;</li> <li>UJ Strategic Plan 2025;</li> <li>UJ Annual Performance Plan;</li> <li>Conditions of Service for employees of UJ;</li> <li>UJ Policy: Risk Management</li> <li>UJ Charters: MEC, MECA, MECCC, FSCC etc.</li> </ul>
<p><b>Stakeholders affected by this document (units and Divisions who should be familiar with it):</b></p>	<p>All Divisions and Faculties within the University</p>

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## 1. INTRODUCTION

The University is required to comply with a number of mandatory legislation and regulatory requirements, with the sector being exposed to a myriad of increasingly complex rules and regulations. As a result, compliance risk has become one of the most significant ongoing concerns for universities.

In addition, the King IV Report and Code on Corporate Governance for South Africa (2016) (hereafter referred to as “King IV”) views compliance management as a critical functional area of an organisation’s overall governance framework and approach.

## 2. DEFINITIONS/ TERMINOLOGY

### ***Compliance obligations***

Collective term for compliance requirements and/or compliance commitments.

*Compliance requirements* are requirements that UJ must comply with. Compliance requirements therefore include applicable statutory, regulatory and supervisory requirements, as well as mandatory industry and general codes and requirements (collectively) that an UJ must comply with by law.

*Compliance commitments* are requirements that UJ chooses to comply with. Compliance commitments therefore include applicable voluntary requirements, such as industry and general codes and best practice guidelines (collectively) that UJ subscribes to, or follows.

### ***Compliance risk***

The effect of uncertainty (including potential events and consequences of non-compliance) on an organisation’s compliance objectives (*adapted from ISO 19 600, 3.9*). This includes the current and prospective risk of damage to the organisation’s reputation and financial soundness arising from non-adherence with compliance obligations and failing to meet valid compliance-related expectations of key stakeholders such as clients, investors, students, staff members and society as a whole. Compliance risk therefore not only exposes the organisation to consequences such as fines, penalties, civil claims and a loss of authorisation to operate, but also to reputational damage. In many cases, compliance risk results from inadequate controls.

### ***Management***

The person or group of persons, responsible for managing, or overseeing the business activities of a particular function, or any part of the University, on a day-to-day basis. This includes MEC, ELG, Senior Directors, Directors, Senior Managers, Managers and other groups or individuals to whom an element of control, authority, or supervisory responsibility has been delegated.

### ***Organisational structure***

Any specific and recognised part of UJ including any operational, functional, support, geographic, activity based, governance, oversight, management or other

structure that may exist. Examples would include any subsidiaries, faculties, units, divisions, departments, teams, regions, branches, functions, committees etc.

### ***Internal Stakeholders***

Includes:

- Council;
- Senate;
- Trustees;
- Management Executive Committee (MEC);
- Boards;
- Executive Deans and Deputy/Vice-Deans;
- Executive Directors, Senior Directors and Directors;
- Heads of Departments;
- All employees;
- Contractors;
- Temporary staff;
- Full and part time consultants;
- Students and student bodies including the Student Representative Council (UJSRC); and
- Any other structure or person that acts for, on behalf of or represents the University in any manner.

## **3. COMPLIANCE PHILOSOPHY**

As a Higher Education Institution, the University of Johannesburg (hereafter referred to as “UJ” or “the University”) embraces the values of imagination, conversation, regeneration, ethical and foundation in its interactions with all internal and external stakeholders including students, alumni, business partners, the Department of Higher Education and Training (DHET), government, funding partners, service providers, employees and the broader community that it serves and interacts with. As a responsible and ethical corporate citizen, UJ views compliance management as a business imperative.

The UJ Council recognises its accountability in terms of King IV to govern its compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen. As recommended by King IV the responsibility for implementation and execution of effective compliance management rests with management.

The University operates in a complex and continually evolving compliance and regulatory environment. UJ has a vast number of compliance obligations that are applicable to its operations and activities. These encompass both compliance requirements that must be complied with as well as compliance commitments that the University has chosen to comply with.

UJ views compliance as a significant category of risk that requires on-going and specific focus and attention within UJ’s broader risk management framework and approach. This requires effective alignment to the University’s overall risk management framework and approach whilst recognising the obligatory nature of

compliance requirements. UJ has established a compliance function and defined compliance roles and responsibilities to assist the Council, management and other internal stakeholders to discharge their compliance responsibilities.

Compliance risk exposes the University not only to serious consequences such as fines, penalties, civil claims and a loss of authorisation to operate but also to potentially significant reputational damage. As such, UJ adopts an inclusive stakeholder approach to its compliance management that is mindful of the risk of damage to the University's reputation and financial soundness arising from both non-adherence with compliance obligations as well as from failing to meet legitimate and reasonable compliance related needs, interests and expectations of material stakeholders.

The compliance management approach and practices of the University should recognise, align to and support the achievement of its vision, mission and strategy. Compliance risks that could impact on these should be prioritised and managed accordingly.

It is recognised that effective compliance management is an evolutionary process that requires on-going focus and commitment to continual improvement.

#### **4. PURPOSE**

The purpose of this policy is to:

- 4.1 Define, contextualise and establish the rationale for UJ to manage compliance.
- 4.2 Set out UJ's commitment to and oversight of compliance.
- 4.3 Establish a permanent, independent and effective compliance function.
- 4.4 Set out the high-level methodology and approach to compliance management.
- 4.5 Define the principle compliance roles and responsibilities of key internal stakeholders.
- 4.6 Provide for the development of a compliance framework and compliance processes to support this policy.

#### **5. SCOPE**

- 5.1 This Policy must be applied to all compliance obligations that are applicable to UJ.
- 5.2 This policy applies to all organisational structures of UJ.
- 5.3 This policy applies to all internal stakeholders of UJ.

## **6. COMPLIANCE POLICY STATEMENT**

As a responsible Institute of Higher Education, UJ is committed to meeting both the letter and intent of applicable compliance obligations. The University has a zero tolerance towards wilful or negligent non-compliance.

UJ adopts a risk-based approach to identifying, assessing, managing and monitoring its compliance obligations as provided for in the compliance framework and compliance processes.

## **7. PRINCIPLES AND VALUES**

The following key principles and values must be applied to support the compliance policy statement:

### **7.1 Commitment to compliance management**

All internal stakeholders are expected to understand and fulfil their defined compliance roles and responsibilities as an integral part of their day-to-day activities and to create a culture of compliance where every person within UJ accepts personal responsibility for compliance and acts ethically and with integrity.

### **7.2 Risk-based approach**

The adoption of a risk-based approach to managing compliance does not imply that any of UJ's internal stakeholders may elect to not comply with any applicable compliance requirements based on the risk assessment thereof, or to accept the risk of non-compliance. All internal stakeholders are required to conduct business in compliance with the letter and spirit of applicable compliance obligations.

UJ must apply its best efforts to meet and fulfil all relevant compliance requirements. This requires taking all reasonable steps in good faith to meet compliance obligations and carrying the compliance processes to its logical conclusion by doing everything considered to be usual, necessary and proper. Although it is acknowledged that instances of non-compliance may occasionally occur despite the best efforts of internal stakeholders to ensure compliance, such instances should be promptly reported, managed and resolved in a manner that treats the adverse consequences and minimises the risk of repetition thereof.

### **7.3 Reporting and escalation**

Reporting on compliance matters must be risk-based, reliable, timely and relevant to stakeholder needs. Compliance reporting should enable informed decision making at all levels. Reporting must be undertaken in an open and transparent manner with full disclosure of relevant information.

All instances of non-compliance must be reported to management and the compliance function at the earliest possible opportunity in accordance with the escalation criteria, reporting protocols, processes and formats in place from time to time.

### **7.4 Consequence management**

Failure to meet compliance obligations and adhere to this compliance policy and supporting compliance standards exposes UJ to significant compliance risk and associated consequences thereof and may lead to appropriate corrective action.

## **8. COMPLIANCE FUNCTION**

To demonstrate its commitment to compliance, the University has established a compliance function to advise and assist the Council, management and internal stakeholders to discharge their compliance responsibilities.

The compliance function should be established, structured and maintained in accordance with the following key principles:

### **8.1 Structure**

The structure of the compliance function will appropriately consider the prevailing needs of the University considering the maturity of its compliance management framework.

The compliance function has been structured to support a combination of a centralised and decentralised model that best supports the prevailing needs and enables effective compliance management. The function will therefore be positioned in the Financial Governance Department.

### **8.2 Head of Compliance**

Responsibility for the day-to-day management of the compliance function must be assigned to a senior person who has the competency and capability to fulfil this role. Until such time that the function has matured, the Chief Financial Officer will assume the responsibility of the Head of Compliance with the position reporting to the Executive Director Financial Governance.

The person responsible for compliance should have the status required to effectively discharge his/her responsibilities and to promote an adequate level of independence.

### **8.3 Independence**

- The compliance function should be sufficiently independent of business activities to be able to discharge its responsibilities objectively.
- The independence of the compliance function should be reflected in the reporting lines thereof.
- The compliance function through the Head of Compliance has direct access to and demonstrable support from the Council (including the Chairperson thereof), the Audit and Risk Committee of Council (ARCC) and the Vice Chancellor and Principal.
- The Compliance Function must function in a manner ensuring that no actual or potential conflicts of interest arise.

### **8.4 Authority of the compliance function**

To enable the compliance function to diligently discharge its responsibilities and obligations, it is delegated with the following rights and powers:

- Unrestricted and timely access to all UJ structures, management, internal stakeholders, meetings, committees, records, documents, data, information and other resources of the organisation that is necessary for them to carry out their responsibilities effectively. All information received must be seen as confidential and treated as such.



- To communicate and correspond with regulators.
- Access to external and internal auditor's reports.
- To be consulted about any proposed business or product developments, which may have compliance implications.

## 9. RELATED POLICIES AND SOURCES OF REFERENCE

This compliance policy is supported by:

### A 'compliance standards' document

This document will set out the minimum standards for compliance management within UJ that are considered necessary to meet the principles and requirements of this compliance policy. The compliance standards will be approved on the Council's behalf by the Audit and Risk Committee of Council.

### Compliance process documents

Whilst this compliance policy and the compliance standards document will focus primarily on 'what' needs to be done in terms of compliance management, compliance process documents will set out 'how' this will be carried out. The compliance function is mandated to develop and issue process documents in respect of all key areas of compliance management activities as required. These should be issued following appropriate consultation with affected UJ stakeholders.

The compliance standards and process documents are considered essential to effective compliance management and are consequently seen as essential supporting documents of this compliance policy.

### Other Internal Documents

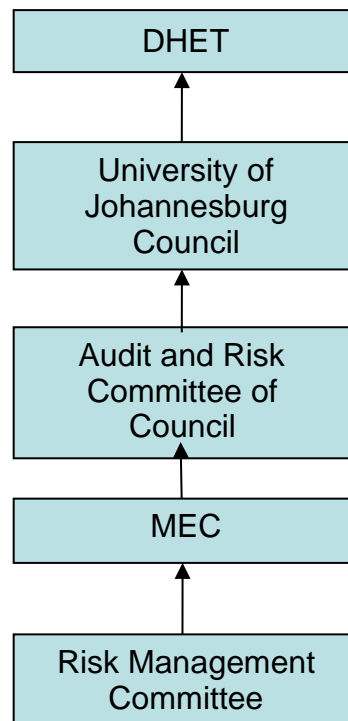
- UJ Statute;
- UJ Vision, Mission and Values;
- UJ Strategic Plan 2025;
- UJ Annual Performance Plan;
- Conditions of Service for employees of UJ;
- UJ Policy: Risk Management
- UJ Charters: MEC, MECA, MECCC, FSCC etc.

### External Documents

- Higher Education Act 101 of 1997
- King IV
- ISO31000 Risk Management – Principles and guidelines
- ISO 19600 - Compliance Management Systems
- Generally Accepted Compliance Practice Framework (GACP) of the Compliance Institute Southern Africa

## 10. COMPLIANCE ROLES AND RESPONSIBILITIES

The purpose of this diagram is to document the responsibility structure for risk management in the University.

**Risk management structure – UJ****Lines of Defence**

The University's compliance roles and responsibilities are defined in accordance with the five lines of defence principle as set out in King IV and the diagram below:

## The Five Lines of Defense Model



Adapted from ECIIA/FERMA *Guidance on the 8th EU Company Law Directive, article 41*

The following are the principal compliance roles and responsibilities of key internal stakeholders. These are expanded on as more detailed and specific responsibilities in the supporting compliance standards:

### 10.1 Council

The Council is ultimately accountable for the governance of compliance management within the organisation. This includes:

- Ensuring that compliance obligations are met in a way that supports the organisation being ethical and a good corporate citizen.
- Setting the direction for how compliance should be approached and addressed by the University.
- Approving the compliance policy that gives effect to this direction and ensuring that the policy is subject to regular review.
- Ensuring that management take formal responsibility for implementation and execution of effective compliance management.
- Establishing a permanent, independent and effective compliance function and ensuring that the function is adequately resourced to discharge its responsibilities.
- Having sufficient working knowledge of the key laws, rules, codes and standards applicable to the University.
- Exercising ongoing oversight of compliance.
- Receive periodic independent assurance on the effectiveness of compliance management.
- Communicating relevant compliance management information in their stakeholder communications.
- Defining and establishing the expected compliance culture of the University and expected behaviour of management and internal stakeholders. This includes effectively communicating the desired values and behaviour, consistently and actively setting the tone through leading by example and holding reporting management and internal stakeholders accountable to the same.

## **10.2 Audit and Risk Committee of Council (ARCC)**

The ARCC plays a key role in assisting the Council to discharge its compliance responsibilities. The compliance oversight responsibilities of the ARCC must be formally mandated and should include:

- Overseeing that the University meets its applicable compliance obligations and responsibilities.
- Overseeing that the University establishes and maintains an effective and efficient compliance management system.
- Having compliance as a standing agenda item of the Audit and Risk Committee of Council meetings.
- Approving the compliance framework.
- Regularly receiving reports and assurance on compliance matters and formulating an opinion on the effectiveness of the University's compliance management.
- Escalating all material compliance matters to the Council in accordance with UJ's established materiality levels.
- Providing guidance and direction to management on material compliance matters.

## **10.3 The Vice Chancellor and Principal (through MEC)**

The Vice Chancellor and Principal is ultimately responsible to the Council for effective compliance management by the University. The Vice Chancellor and Principal is supported and assisted by the MEC in this responsibility. The MEC reports to Council through the Audit and Risk Committee of Council on compliance related matters. The MEC compliance responsibilities include:

- Providing the University Audit and Risk Committee of Council with assurance that operations throughout the organisation have appropriate compliance risk management processes in place to enable management to discharge their compliance responsibilities.
- Executive monitoring and oversight that the University meets its applicable compliance obligations and responsibilities.
- Keeping the ARCC and Council informed on the status of compliance management throughout the University.
- Confirming to the Audit and Risk Committee of Council that compliance management is integrated into the day-to-day activities of the University.
- Ensuring consistency in evaluation and reporting of compliance risks throughout the University.
- Reviewing/ establishing an appropriate compliance risk management strategy and plan for the University.
- Identifying, evaluating, assessing and managing the strategic compliance obligations and risks of the University in collaboration with the Executive Leadership Group.
- Determining the compliance risk tolerance levels for approval by the Council/ ARCC.
- Providing the necessary operational support to establish and maintain a permanent, independent and effective compliance function and ensuring that the function is adequately resourced to discharge its responsibilities.

- Promoting the desired compliance culture of the University. This includes effectively communicating the desired values and behaviour, consistently and actively setting the tone through leading by example and holding reporting management and internal stakeholders accountable to the same.

#### **10.4 Risk Management Committee (RMC)**

The RMC assists the MEC with operational risk management within the University. The responsibilities of the RMC include:

- Developing a compliance risk management model for the University.
- Overseeing the implementation of the compliance risk management model within the University.
- Identifying potential compliance risks that could impact on the reputation, sustainability, quality of service delivery, and wellness of employees, students and visitors at the University.
- Proactively strategising the management and mitigation of identified compliance risks.
- Facilitating – through the Head of Compliance – the coordination of all relevant compliance risk management duties, tasks and responsibilities within the University.
- Deliberating on any matter that, in the opinion of the chairperson and other committee members, should serve at the RMC for consideration prior to submission to a higher body/committee for decision-making.
- Dealing with any matter referred to it by the MEC or the Council Audit Committee;
- Evaluating the effectiveness of compliance management activities within the University and make recommendations thereon to the MEC as necessary.

#### **10.5 Executive Deans / Executive Directors (Executive Leadership Group) and Senior Directors**

Executive Deans / Executive Directors and Senior Directors are ultimately responsible for compliance management within their respective environments. Their compliance responsibilities include:

- Executive oversight and monitoring that their environment and their reporting management meet applicable compliance obligations and responsibilities.
- Keeping the MEC informed on the status of compliance management within their environment.
- Identifying, evaluating, assessing and managing the strategic compliance obligations and risks of their environment in collaboration with the MEC.
- Promoting the desired compliance culture of the University. This includes effectively communicating the desired values and behaviour, consistently and actively setting the tone through leading by example and holding reporting management and internal stakeholders accountable to the same.

#### **10.6 Management**

The Council, through this policy, formally delegates day-to-day responsibility for compliance to management at all levels of the University. Management at all levels

are responsible for compliance management within their respective environments and areas of control and oversight responsibility. This responsibility includes:

- Ensuring that the University's compliance policy, standards and processes are communicated to and understood by reporting internal stakeholders and are effectively implemented, supported and adhered to.
- Ensuring that relevant compliance obligations are met on a day-to-day basis.
- Ensuring that compliance obligations and risks are identified, assessed, managed, treated and monitored in accordance with the University's risk-based compliance approach.
- Overseeing and ensuring that adequate controls are designed, developed and implemented to meet compliance obligations are met, and that compliance risks are effectively managed.
- Including relevant compliance controls in standard operating procedures, processes and practices.
- Routinely monitoring the adequate and effective of compliance controls.
- Incorporating compliance as a standard agenda item and ensuring that it receives appropriate priority and attention at all relevant management and oversight forums and structures.
- Ensuring that compliance risks and matters are escalated to appropriate management, governance and oversight structures in accordance with defined materiality levels and reporting frameworks, protocols and processes.
- Ensuring that any non-compliance and other compliance issues are resolved effectively and expeditiously.
- Ensuring that all staff have the competence and responsibility through selection, retention, education and awareness, to discharge the compliance responsibilities and meet compliance obligations relevant to their role.
- Promoting the desired compliance culture of the University. This includes effectively communicating the desired values and behaviour, consistently and actively setting the tone through leading by example and holding reporting management and internal stakeholders accountable to the same.

### **10.7 Internal stakeholders**

All internal stakeholders are responsible for:

- Carrying out their day-to-day duties and activities in accordance with compliance obligations that are applicable to their area of responsibility.
- Carrying out assigned responsibilities and activities in accordance with any applicable compliance related requirements and responsibilities arising from the compliance policy, compliance framework as well as any other relevant compliance or standard operating policies, procedures, processes, practices and controls.
- Reporting any non-compliance, non-conformance and other compliance issues to management and the compliance function at the earliest possible opportunity in accordance with reporting protocols, processes and formats in place from time to time.

### **10.8 Compliance Function**

The primary role of the compliance function is to assist the Council, management and relevant internal stakeholders in discharging their responsibility to meet

applicable compliance obligations through the provision of compliance risk management services. These services include:

- Developing and maintaining the compliance policy for approval at Council level.
- Developing and maintaining the compliance standards for approval at ARCC level.
- Develop the compliance methodology and supporting compliance processes.
- Providing compliance advice to the Council, ARCC, MEC, RMC, ELG, management and other relevant internal stakeholders.
- Defining the internal and external compliance reporting framework, structures, protocols and processes.
- Facilitating and ensuring the collation, compilation and submission of relevant compliance related reporting requirements at appropriate levels.
- Monitoring the regulatory environment and keeping the Council, ARCC, oversight structures and relevant management informed of developments and changes in applicable compliance obligations as well as the impact thereof on the University's operations and activities.
- Facilitating the development and maintenance of a compliance universe and compliance risk profile at relevant levels.
- Facilitating, assisting in and advising on the development and maintenance of compliance risk management plans for prioritised compliance obligations in conjunction with business stakeholders.
- Independently monitoring and reporting on controls around compliance obligations and compliance levels.
- Interacting with other risk and assurance functions to ensure that all compliance related activities are co-ordinated managed.

## **10.9 Internal audit**

In addition to any compliance aspects covered during the normal course of their audits, internal audit will undertake a regular review of the University's compliance framework and processes and provide independent assurance to relevant stakeholders thereon.

## **11. COMPLIANCE METHODOLOGY AND APPROACH**

### **11.1 Recognised compliance practice**

The compliance management approach of the University is based on and strives to align and adhere to recognised compliance risk management practice principles, requirements and recommendations as set out in:

- The King IV Report and Code on Corporate Governance for South Africa (2016).
- The Generally Accepted Compliance Practice Framework (GACP) of the Compliance Institute Southern Africa.
- ISO 19600: 2014 (Compliance Management Systems - Guidelines).
- ISO 31000: 2009 (Risk Management - Principles and Guidelines).

### **11.2 The compliance risk management process in the University**

The compliance risk management process is based on and aligned to UJ's risk management process as set out in its Risk Management Policy.

## **12. Implementation of the Policy**

The Compliance Policy will be rolled out across the University and needs to be embraced by the University and its related processes filtered into the daily operations.

Subject to any other applicable provision, any request to depart from any particular provision(s) of this Policy shall be made in writing and shall be submitted to the UJ Council or its designated oversight body/ person, who shall have full authority to grant such request, in whole or in part, or to refuse same. Unauthorised deviations from the provisions of the policy will be seen in a serious light and may result in corrective action.

## **13. Review and update of policy**

Policies are reviewed in their entirety every five years (or earlier if an urgent need should arise). Reviews entail an evaluation of an existing policy and, if necessary, a reformulation of other forms of adjustments to it, with the focus on an investigation into possible bottlenecks that have emerged in the implementation of the policy.