

## TERMS OF REFERENCE

### AUDIT, RISK AND COMPLIANCE COMMITTEE (ARCC)

*The terms of reference in accordance with the King III Code and the Audit, Risk and Compliance Charter as follows:*

#### 1 Purpose of the committee

To assist the Council in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the risk management process, the audit process, and the University's process for monitoring compliance with laws and regulations and the code of conduct.

#### 2 Authority

The Audit, Risk and Compliance Committee is a committee of Council and is therefore accountable for the performance of its duties directly to the University's Council. It provides a channel of communication between the Council, management, the internal audit function and the external auditor.

It should enjoy free communication with the chair of the Council (who should not be a member of the audit committee) the Vice-Chancellor, the Executive Director: Finance and Facilities, the Institutional Registrar, Internal Audit and the external auditors.

As a committee of Council, it has no decision-making authority however empowered to certain resolutions as stipulated in the ARCC Charter. **King III 3.8.1**

#### 3 Responsibilities of the committee

**King III 3.4/ ARCC Charter point 3**

The primary role of the committee is to assist Council in carrying out its responsibilities and to ensure that:

- 3.1 The university's assets are safeguarded;
- 3.2 To satisfy itself in regard of the expertise, resources and experience of the university's finance function
- 3.2 Adequate accounting records are maintained, and
- 3.3 An effective system of internal controls is developed and maintained.

The committee does not carry out any managerial functions or accept any managerial responsibilities, as this could jeopardise the committee's objectivity.

The committee implements and applies the code of principles contained in the King Report on Governance for South Africa 2009, in particular with regard to the role and duties of an audit committee.

The duties are stipulated in the ARCC Charter regarding the following:

**ARCC Charter point 7**

- 1 Corporate Governance
- 2 Financial Statements

- 3 Reporting (Including integrated reporting)
- 4 Internal Control
- 5 Risk Management and the ensuring that a combined assurance model is applied
- 6 Compliance
- 7 External Auditors
- 8 Internal Audit
- 9 ARC committee

## 4 Membership

### 4.1 Composition

#### 4.1.1 Standing members:

*King III 3.2*

	Members	Term
(1)	Chairperson (External member of Council – not the Chairperson of Council)	In accordance with term on Council
(2)	External member of Council	In accordance with term on Council
(3)	External member of Council	In accordance with term on Council
(4)	Independent financial specialist	3 years
(5)	Independent financial specialist	3 years
(6)	Institutional Registrar - Ex officio	-

#### 4.1.1 Members in attendance:

	Representative members	
(7)	Vice-Chancellor	-
(8)	Executive Director: Finance and Facilities	-
(9)	Director: Internal Audit	-
(10)	Representatives of External Auditors	-
(11)	Secretariat	-

### 4.2 Appointment of members

The members are all appointees of Council.

### 4.3 Appointment of Chairperson and acting Chairperson

The chairperson must be an external member of Council appointed by Council.

*King III 3.3.1*

### 4.4 Co-opted members, observers and visitors

A representative of the Auditors General's local office is invited as observer at each meeting.

The committee may invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary.

*King III 3.2.6*

### 4.5 Voting rights of members

All the standing members have voting rights. Co-opted members, observers and visitors will not have voting rights.

### 4.6 Secretariat

Secretariat services are provided by Corporate and Information Governance Services.

## 5 Meeting arrangements

The following meeting arrangements apply:

*King III 3.1/ 3.3*

<b>Frequency</b>	At least three meetings per annum plus an optional fourth meeting to be scheduled in advance - before the start of the annual external audit – First semester - before Council’s approval of the annual financial statements and after conclusion of the annual external audit – Second semester - with authority to convene additional meetings, as circumstances require.
<b>Extraordinary meetings</b>	
<b>Separate meetings</b>	The committee should meet separately with internal audit, the external auditors and management at least once per annum. Both internal and external auditors have unrestricted access to the Audit, Risk and Compliance Committee, which ensures that their independence is in no way impaired.
<b>Quorum</b>	The quorum of the meeting will be half (50%) plus one of all the members, excluding vacant positions, of which the majority must be external Council members.
<b>Notice of the meeting</b>	At least 30 days before the meeting date, the Secretariat electronically notifies of the time and place where the meeting is to be held. The minutes of the previous meeting will be enclosed and members are requested to provide the Secretariat with input by the closing date for the agenda. Should no response be received by this time it will be assumed that the members agree with the record.
<b>Agenda</b>	At least 7 days prior to the meeting, the Secretariat provides the complete agenda pack electronically to all members. Members who prefer a hard copy must inform the secretariat accordingly.
<b>Attendance register</b>	An attendance register will be circulated by the Secretariat at the beginning of each meeting. Every member present must sign the attendance register. The attendance register is proof of attendance for purposes of minuting and payment of honorariums.
<b>Confirmation of Minutes</b>	An ordinary meeting, after being constituted and opened, commences with reading and confirming (by means of the chairperson signing) of the minutes of the previous meeting(s).  Any objection to the minutes is raised and disposed of before the minutes are confirmed. The minutes may be regarded as read if a copy of the draft minutes was provided to members prior to the meeting.  Minutes will be a true reflection of the previous meeting, and will contain all views expressed under the heading “noted”. Decisions made by the committee will reflect under the heading “resolved”.
<b>Decision-making process</b>	Matters are decided by means of general consensus. The Chairperson might however decide when a decision should be taken by means of a voting procedure. The Chairperson may decide that voting must be by secret ballot, provided that voting for persons must always be by secret ballot.  The Chairperson has an ordinary vote, but must in addition exercise a casting vote in the event of an equality of votes on any matter. The number of votes in favour of or against any proposal is not recorded in the minutes, unless the Chairperson so decides.
<b>Conflict of Interest</b>	A member may not take part in the discussion of or vote on any matter in which the member has a direct financial or other interest, unless the members first discloses the nature and extent of the interest and obtains the leave of the meeting to take part in the discussion or to vote.  All committee members must indicate any conflict of interest at the agenda point allocated therefor and must also indicate a conflict of interest on the attendance register by indicating the agenda item where the conflict arises in writing next to his/her name.
<b>Point of Order</b>	A point or order, clarification or information may be raised against any member, in which instance the ruling of the Chairperson is binding. The ruling of the Chairperson is binding and cannot be challenged.  Should the above point of order, clarification or information be immediately challenged by a member, the ruling is put to the meeting for determination – without it being discussed, and the decision of the meeting is final.

<b>Disrespectful / Disorderly conduct</b>	<p>Anyone attending a meeting who, after having been requested to refrain from disrespectful or disorderly conduct, continues to disobey a ruling from the Chairperson, must be requested to leave the meeting.</p> <p>If that person does not leave the meeting immediately, such a person could be removed from the meeting with the assistance of Protection Services.</p>
<b>Apology</b>	<p>An apology will be noted when a member electronically submits it to the Secretariat and/or the Chairperson, at least one day prior to the meeting.</p> <p>Members absent from the meeting without above mentioned apology are noted as "without apology".</p> <p>The views of a member who is unable to attend a meeting may be submitted in writing but may not count as a vote of such member.</p>
<b>Recording of meeting</b>	<p>At the opening of the meeting, the Chairperson indicates that a recording will be made for minute purposes.</p> <p>The audio file is deleted after signed confirmation of the minutes at the next meeting.</p>
<b>Round Robin Process</b>	<p>The Chairperson may electronically submit urgent matters in between scheduled meetings. The Secretariat will assist in this process.</p> <p>At least two thirds of the members have to electronically confirm their involvement in the process by giving feedback, approval or non-approval. When a majority of members reaches agreement it is taken as a resolution. Such resolution is equivalent to a resolution of the committee and must be recorded in the minutes of the next meeting.</p>
<b>Resources and Budget</b>	<p>A centralised budget regarding the matters of this committee managed within Corporate and Information Governance Services.</p> <p>The travel and accommodation costs of external ARCC members will be paid according to the approved "Guidelines for Travel and Accommodation of Council members.</p>
<b>Records management</b>	<p>All records of the committee (terms of reference, membership list, agendas, minutes, attendance register, correspondence, etc.) will be kept electronically (on <i>Share</i>) and hard copy and the hard copy sent to the Archives and Museum for permanent preservation.</p> <p>Committee members have automatic access to all records of the committee. All other interested parties must complete a request form in terms of the Promotion of Access to Information Act, which will be assessed in terms of the prescriptions contained in the Act.</p>

## 6 Reporting

A report is submitted to Council after each meeting of the committee.

**King III 3.10**

## 7 Approval and review

The following documents guide the operations of this committee:

Document	Status	Authority	Date
King Code of Governance 2009			2009 (as (amended in June 2012)
Reporting Regulations for Public Universities		Government Gazette 37726	June 2014

## 8 Review

The Audit, Risk and Compliance Committee Charter is reviewed annually, and references thereto will be updated accordingly.

The Terms of Reference for Council and Council Committees will be reviewed on a three year cycle.