

RISK AND COMPLIANCE POLICY

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RISK AND COMPLIANCE POLICY

Preamble

Against the background of the vision to discover new frontiers and opportunities that benefit society, advancing our relevance and impact, the Council of the North-West University (“NWU”, “the university”) has adopted this policy on 19 November 2025.

1 Interpretation and application

This policy must be interpreted and applied in a manner consistent with the –

- 1.1 Constitution of the Republic of South Africa, 1996
- 1.2 Higher Education Act, 101 of 1997
- 1.3 The Statute of the North-West University
- 1.4 KING IV Report on Corporate Governance, particular Principle 11 (risk), Principle 13 (compliance) and Principle 15 (assurance),
- 1.5 The Generally Accepted Compliance Principles (GACP) of the Institute of Compliance in Southern Africa.
- 1.6 ISO31000: 2018 Risk management guidelines
- 1.7 COSO 2013: An approach to internal control framework
- 1.8 COSO 2017: Enterprise Risk Management (ERM) Framework
- 1.9 COSO 2023: Achieving effective internal control over sustainability reporting (ICSR)
- 1.10 ISO37301: 2021 Compliance management systems
- 1.11 NWU Policy on Business Continuity
- 1.12 NWU Policy on Quality Management
- 1.13 All other applicable policies, guidelines, frameworks and procedures of the NWU.

2 Glossary of terms and concepts relevant to risk and compliance management

The glossary of terms and concepts relevant to risk and compliance management contained in the Appendix forms an integral part of this policy and applies to the interpretation of all related documents.

3 The NWU’s risk and compliance strategy

The overall risk and compliance strategy of the NWU is to enable accountable governance and responsible management safeguarding the sustainability and continuous growth of the university.

4 Policy statement

The Council of the North-West University (“the council”) considers a proper process and framework for the management of risk and compliance and the provisioning of assurance to be of paramount importance for the good governance and effective and efficient management and administration of the university.

It is therefore the policy of the North-West University to–

- 4.1 create a framework for the strategic commitment of the council and management for establishing a risk and compliance culture at the university as part of strategy formation;
- 4.2 implement an effective and efficient operational framework and management plan for risk and compliance;

- 4.3 enable an environment for the optimal identification and management of risk and compliance at process- and system levels; and
- 4.4 guide the role and responsibilities of assurance providers within an effective internal control environment.

5 The objectives of risk and compliance management

The objectives of risk and compliance management at the NWU are to–

- 5.1 govern the NWU in terms of risk and compliance in order to meet the expectations of the council and stakeholders in the outcomes the NWU achieves and the manner in which such outcomes are achieved, through communication, transactions and management that are open and transparent;
- 5.2 promote a performance culture affording the NWU an opportunity to focus on the objectives set in the NWU Strategy as well as the Annual Performance Plan, and to create an environment conducive to the recognition, communication and management of uncertainties (opportunities and threats) related to the relevant objectives;
- 5.3 pursue an organisational focus on risk and compliance in order to support the NWU in integrating risk and compliance in an optimal way into organisational decision-making and business processes;
- 5.4 implement decisions in a timeous manner in order to create and protect organisational value-add after having considered all relevant information and taking into account uncertainty;
- 5.6 create an understanding and to comply with the relevant legal, regulatory and other obligations applicable to the university;
- 5.7 create an understanding for those risks that threaten the ongoing business of the NWU, and to put in place relevant strategies and structures to minimise business disruption; and
- 5.8 ensure that the relevant assurance providers enable an effective and efficient internal-control environment.

6 Roles, responsibilities and accountability

6.1 Council and the Audit, Risk and Compliance Committee of Council (ARCC)

- 6.1.1 The council is accountable and takes overall responsibility for the monitoring of the effectiveness and efficiency of risk and compliance management.
- 6.1.2 In governing these matters, the council delegates authority, set limits of acceptable behaviour through relevant codes of conduct, and the definition of risk appetite and risk tolerance.
- 6.1.3 In the execution of its function to advise the council on risk and compliance matters, the ARCC is responsible for the oversight of the implementation of an effective and efficient integrated risk and compliance management model, including oversight of the internal audit function's risk and compliance based-audits.
- 6.1.4 Regarding risk management the ARCC must–
 - 6.1.4.1 have oversight of the adequacy of the overall risk assessment, risk management and procedures of the university with a view to report to council on the outcomes, findings and issues arising from the overall risk management processes;
 - 6.1.4.2 annually review the top strategic risks and make recommendations to council during the fourth quarter of each year for the approval of the top risks;
 - 6.1.4.3 assess and advise council on the adequacy of actions to mitigate risks, with particular focus on those managed in accordance with the NWU's approach to business continuity; and
 - 6.1.4.4 provide council with confirmation that a combined assurance model is applied to provide a coordinated approach in regard to all assurance activities by–
 - 6.1.4.4.1 determining whether sufficient arrangements are in place in order to achieve the required objectives;
 - 6.1.4.4.2 ensuring that a effective control environment is enabled;
 - 6.1.4.4.3 ensuring the integrity of the information used for internal decision making for management and governance purposes;
 - 6.1.4.4.4 ensuring the integrity of reporting; and
 - 6.1.4.4.5 reporting on the university's application of combined assurance.

- 6.1.5 Regarding compliance, the ARCC must–
- 6.1.5.1 have oversight of the adequacy of the overall compliance management procedures of the university with a view to report to council the outcomes, findings and issues arising from the overall compliance management processes;
 - 6.1.5.2 consider the likely consequences of existing or impending litigation; and
 - 6.1.5.3 confirm that mechanisms are in place to enable the university to comply with all relevant legal and statutory requirements.

6.2 University Management Committee (UMC)

- 6.2.1 The UMC is responsible for the management of risk and compliance and for achieving the objectives set by the council and managing uncertainty in relation to the set objectives.
- 6.2.2 In relation to the above, the UMC–
- 6.2.3 promote a performance culture embedding risk management in decision-making and business processes;
- 6.2.4 establish procedures and standards to ensure compliance to NWU policies and rules;
- 6.2.5 create awareness of and ensure compliance with legal, regulatory and other obligations; and
- 6.2.6 keep the ARCC informed of matters relevant to risk and compliance.

6.3 Combined Assurance

- 6.3.1 In accordance with good practice, the NWU subscribes to a combined assurance model overseen by the council that is designed and implemented to cover effectively the university's significant risks and material matters through a combination of the following assurance service providers and functions as appropriate for the NWU:
 - Line functions that own and manage risks
 - Specialist functions that facilitate and oversee risk management and compliance
 - Internal Audit
 - Independent external assurance providers such as external audit.
 - Other external assurance providers as appropriate.
 - Regulatory inspectors.
- 6.3.2 The Combined Assurance Forum (CAF) of the NWU has the following mandate in regard to combined assurance:
 - 6.3.2.1 to consider the relevant reports in regard to risk management and risk control from various assurance providers; and
 - 6.3.2.2 to report relevant matters to the ARCC via the UMC for purposes of covering the relevant lines of defence in regard to
 - the effectiveness of the control environment
 - the integrity of the data used for internal decision-making; and
 - the credibility of the information contained in relevant reports.

6.4 Council Committees

All council committees must receive risk and compliance reports from the registrar as bi-annual standing items on their agendas, to ensure proper oversight of the risk and compliance matters related to the committee's area of responsibility.

6.5 Corporate Services (CS)

The role and purpose of the CS are to–

- 6.5.1 advise and support the registrar on matters related to governance, risk and compliance management;

- 6.5.2 implement an enterprise risk and compliance framework that enables effective risk and compliance management to be implemented in a consistent manner across the NWU;
- 6.5.3 put measures in place to ensure appropriate levels of understanding and engagement in risk and compliance management through discussion, training and reporting; and to
- 6.5.4 link the business-continuity framework to risk management processes in order to ensure that possible disruptions and risks threatening the ongoing operations of the NWU, are effectively countered and managed.

6.6 Internal Audit

The role and function of the Internal Audit function in regard to risk and compliance management matters are to–

- 6.6.1 provide the necessary assurance on the adequacy and effectiveness of risk managements;
- 6.6.2 evaluate risks, as well as the significance of key activities and risk factors;
- 6.6.3 analyse operations and confirm information in close relation with line managers; in order to report findings; and to
- 6.6.4 review levels of compliance at the university in regard to rules, regulations, laws, codes of practice, guidelines and principles as these apply individually and collectively to all parts of the NWU.

6.7 Line managers and employees

- 6.7.1 Line managers and employees must–
- 6.7.2 actively seek to understand the objectives, risks, controls and obligations that relate to activities relevant to the work environment;
- 6.7.3 support and participate towards establishing a culture of risk and compliance management;
- 6.7.4 undertake activities in compliance with legislation and NWU policies and procedures;
- 6.7.5 identify and report risk events and instances of non-compliance;
- 6.7.6 report new risks, risks exceeding tolerance, breaches and weaknesses of controls to the relevant line manager, and as required under NWU policies; and
- 6.7.7 take responsibility to manage risk and compliance in accordance with the key performance area concerned in their performance agreements.

7 Procedures and guidelines

- 7.1 The UMC Rules on Risk and Compliance Management must contain a comprehensive plan that outlines how the NWU identifies, assesses, responds to, monitors, and governs risks and manages compliance.
- 7.2 The implementation of this Policy must take place in accordance with the frameworks as contained in the Rules for Risk and Compliance Management approved by the UMC.
 - 7.2.1 The compliance management framework consisting of the following components:
 - Identification of the regulatory universe and act owners;
 - Compliance risk identification and assessment including identifying controls;
 - Compliance risk mitigation, including standards, procedures and guidelines;
 - Compliance monitoring;
 - Awareness and training,
 - Reporting
 - Record-keeping.
 - 7.2.2 The risk management framework consisting of the following components:
 - Identification of risks and opportunities
 - Identification of probable risk owners.
 - Evaluation of the risks (impact and probability).
 - Establishment of a risk appetite
 - Gaining assurances about effectiveness of controls.

- Identification of suitable responses to risk.
- Reporting of significant risks
- Implementation, abatement and monitoring.
- Risk-based internal auditing
- Awareness, training and record-keeping
- Embedding and reviewing

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Glossary of terms and concepts relevant to risk and compliance management

In this policy and documents related to risk and compliance management at the NWU –

“**assurance**” means the diligent application of mind to evidence, resulting in a statement or declaration concerning an identified subject matter or subject matter information, made for the purpose of enhancing confidence in that subject matter or subject matter information;

“**compliance framework**” means the set of compliance management processes and tools used by the NWU for managing its compliance programme;

“**compliance risk**” means the risk of impairment of the university’s integrity, leading to damage of the university’s reputation, legal or regulatory sanctions or financial loss as a result of failure to comply with applicable laws, regulations and standards;

“**compliance**” means the process of measuring adherence to laws, regulations, policies and procedures imposed on the operations of the company;

“**compliance and risk function**” refers to the NWU’s specialist functions that facilitate and administer risk management and compliance;

“**internal controls**” are the measures and methods instituted by the NWU to conduct its business in an orderly manner, to safeguard its assets and resources, to deter and detect errors, ensure accuracy, produce reliable and timely information and to ensure adherence to its policies and procedures.

“**internal control environment**” refers the set of standards, processes and structures that provide the basis for carrying out internal control across the university.

“**internal control framework**” refers to a structured guide that organises and categorises expected controls or control topics as a basis for risk management and for agreement on definitions in regard to appropriate control procedures.

“**internal control management system**” means an end-to-end process carried out via a series of points of focus including the following (i) policies, (ii) guidelines and rules, (iii) business operations, (iv) procedures, (v) techniques (vi) mechanisms, (vii) audit procedures, (viii) information sharing, (ix) management oversight and (x) governance oversight, all aimed to ensure the realisation of strategic goals while developing an appropriate response to the management of risks.

“**opportunities**” are those uncertainties that could occur and might lead to benefits or rewards for the NWU;

“**process owner**” is the individual who is responsible for managing and implementing a specific business process as described in the quality manual of the department in which the person serves.

“**regulatory universe**” means the existing and emerging legislation with which the governance, management and administration of the NWU must comply;

“**risk**” refers to the uncertainty of events, including the likelihood of such occurring and their effect, both positive and negative, on the achievement of the NWU’s objectives. It includes uncertain events with a potential positive effect on the organisation (i.e. opportunities) not being captured or not materialising;

“**risk appetite**” is the amount and type of risk that the NWU is willing to accept in the pursuit of its strategy and business objectives;

“**risk control**” means an action taken and implemented by management to treat risks in accordance with the NWU Internal Control Framework including controls related to NWU strategy in order to enhance the likelihood that established objectives and goals will be achieved;

“**risk management**” is process of the forecasting and evaluation of risks that might face the NWU together with the identification of procedures to avoid or minimise their impact on the NWU;

“**risk owner**” is an individual who is responsible for monitoring the adequate management of a particular risk, and may not necessarily be the process owner;

“**risk rating**” is the assessment of an identified risk and is a factor of the likelihood or the probability of the risk event occurring, of the impact should the risk event occur and of the effectiveness of the current internal controls.

“**risk tolerance**” speaks to the amount of risk that is acceptable in the context of achieving a particular goal/objective. Accounting for risk tolerance assists in determining the acceptability levels of performance, thus ensuring that performance levels remain within relevant boundaries.