



# **UMALUSI**

# **AUDIT AND RISK**

# **COMMITTEE CHARTER**

TABLE OF CONTENTS

	PAGE
1. DEFINITIONS.....	3
2. ACCOUNTABILITY AND GOVERNANCE.....	3
3. PURPOSE.....	4
4. AUTHORITY AND INDEPENDENCE.....	5
5. ROLE.....	6
6. COMPOSITION.....	6
7. CHAIRPERSON.....	7
8. MEETINGS.....	8
9. TERM OF OFFICE.....	10
10. RESPONSIBILITIES.....	10
11. REMUNERATION.....	16
12. EVALUATION OF COMMITTEE ACTIVITIES.....	16
13. INDUCTION.....	16
14. REVIEW OF THE CHARTER.....	17
15. APPROVAL OF THE CHARTER.....	17

## Audit and Risk Committee Charter: February 2026

### 1. DEFINITIONS

- 1.1. **'Accounting Authority'** In terms of the Public Finance Management Act, the Accounting Authority of Umalusi is the Council.
- 1.2. **'Audit and Risk Committee'** means the committee established in terms of section 77 of the PFMA.
- 1.3. **'Auditor-General'/'External Auditor'** means the Office of the Auditor-General or a person appointed in terms of section 58(1) (b) of the PFMA.
- 1.4. **'Chief Audit Executive'** means the Engagement Director (outsourced service provider) is the designated Chief Audit Executive (CAE). The CAE reports administratively to the Chief Executive Officer and functionally to the Audit and Risk Committee
- 1.5. **'Council'** – duly elected body, which is charged with the strategy, governance and direction of Umalusi, in accordance with the requirements of the Act, the PFMA and the needs of all stakeholders.
- 1.6. **"Internal Audit Service Provider (IASP)"** – means the outsourced Professional Audit Firm as appointed by the Accounting Authority of Umalusi.
- 1.7. **'Governance'** refers to the combination of processes and structures implemented by the Chief Executive Officer to inform, direct, manage, and monitor the activities of the organisation toward the achievement of its objectives.
- 1.8. **'IT Governance'** "framework that supports the effective and efficient management of information resources (for example, people, funding and information) to facilitate the achievement of corporate objectives;
- 1.9. **'PFMA'** means the Public Finance Management Act, 1999 (Act no. 1 of 1999) as amended, including Treasury Regulations.

### 2. ACCOUNTABILITY AND GOVERNANCE

- 2.1 The Public Finance Management Act (PFMA), 1999 (Act No 1 of 1999, as amended), provides for, inter alia, the regulation of the financial management and the responsibilities of persons entrusted with financial management at Umalusi. Sections 77 of the PFMA and the Treasury Regulations 27.1, require the Council of Umalusi to appoint an Audit and Risk Committee and to set out the manner in which the Committee would operate.
- 2.2 The establishment of the Audit and Risk Committee is part of the control environment that is required under PFMA. In addition, the Audit and Risk Committee is part of the corporate governance mechanism that exists within the public sector environment. Corporate governance principles also provide for the establishment of an Audit and Risk Committee.

## **Audit and Risk Committee Charter: February 2026**

- 2.3 The Umalusi Audit and Risk Committee has been established as a Committee of Council in accordance with the provisions of the aforementioned legislative requirements and sound corporate governance.
- 2.4 The central theme of PFMA is accountability. The principle of accountability requires that the Council and Umalusi Management act in accordance with their delegated responsibility, account for their conduct, and affirm the fulfilment of their responsibility.

### **3. PURPOSE**

- 3.1 The Audit and Risk Committee provides independent, objective oversight and review. However, it does not assume any management responsibilities or perform any management functions. The Audit and Risk Committee makes decisions on matters relating to the scope of its responsibilities and presents such decisions to the Council for noting or approval.
- 3.2 The Audit and Risk Committee executes its function through close liaison and communication with management, the External and Internal Auditors and other governance risk and control service providers.
- 3.3 The Audit and Risk Committee is tasked to assist the Council in discharging its duties relating to:
  - 3.3.1 the safeguarding of assets;
  - 3.3.2 Council's compliance with legal and regulatory requirements;
  - 3.3.3 evaluation of the External Auditors' independence;
  - 3.3.4 performance of the entity's internal and external audit functions;
  - 3.3.5 preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards;
  - 3.3.6 overseeing the quality, integrity and reliability of Umalusi's risk management;
  - 3.3.7 operation of adequate procedures and controls; and
  - 3.3.8 ensuring an IT governance framework is implemented; and
  - 3.3.9 review and recommend submissions to the Executive Committee of Council concerning financial matters, such as irregular, fruitless and wasteful expenditure, including debt write-off (where applicable)
- 3.4 The Audit and Risk Committee must also report to the Council on the following matters:
  - 3.4.1 the effectiveness of the internal control systems;
  - 3.4.2 the effectiveness of the Internal Audit Function;
  - 3.4.3 the risk areas of the entity's operations to be covered in the scope of Internal and External audits;
  - 3.4.4 the results of the external audit and its cost-effectiveness and the independence and objectivity of the external auditors;

## **Audit and Risk Committee Charter: February 2026**

- 3.4.5 the adequacy and effectiveness of the risk management process followed and the development, maintenance and enhancement of fraud prevention plans;
  - 3.4.6 the effectiveness of the system for monitoring compliance with laws, regulations and policies, and the results of management's investigations and follow-up actions (including disciplinary action) of any instance of non-compliance where required;
  - 3.4.7 the adequacy, reliability, accuracy, regularity and timeliness of financial information provided to management and other users of such information;
  - 3.4.8 any accounting and auditing concerns identified as a result of Internal and External audits;
  - 3.4.9 the appropriateness of the combined assurance model;
  - 3.4.10 be informed by way of a written report from management and note the processes followed for the appointment, replacement or dismissal of the outsourced Internal and External Audit service providers.
  - 3.4.11 the existence and effectiveness of the IT Governance Framework;
  - 3.4.12 the activities of the IASP, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and
  - 3.4.13 such other matters as are delegated by the Accounting Authority.
- 3.5 To provide an independent brief, monitor, follow-up and report on any investigations necessary.

### **4. AUTHORITY AND INDEPENDENCE**

- 4.1 The Committee is directly accountable to the Council. In discharging its responsibilities, the Committee has authority to:
- 4.1.1 conduct or authorise investigations into any matters within its scope of responsibility;
  - 4.1.2 have full and free, unrestricted access to Umalusi's Chief Executive Officer, Executive Management team, External and Internal Auditors and Council;
  - 4.1.3 have unrestricted access to records containing information needed to properly perform its duties and execute its powers;
  - 4.1.4 see any information that it requires from any employee of Umalusi, and all employees are directed to cooperate with any request made by the Audit and Risk Committee;
  - 4.1.5 obtain legal advice and any other advice from external experts;
  - 4.1.6 recommend hiring of expert to assist in investigations, subject to the procurement procedures of Umalusi;
  - 4.1.7 ensure that the recommendations emanating from such investigations are implemented (where necessary).
  - 4.1.8 conduct meetings with External and Internal Auditors as necessary;
  - 4.1.9 review Umalusi's financial statements and make recommendations thereon to the Council;
  - 4.1.10 ensure that the annual financial statements of Umalusi are submitted to External Audit and National Treasury within two months after the end of the financial year, as required by the PFMA;

## **Audit and Risk Committee Charter: February 2026**

- 4.1.11 oversee the work of External Audit in conducting the annual audit;
- 4.1.12 resolve any disagreements between Management and the Auditor regarding financial reporting; and
- 4.1.13 pre-approve the annual financial statements, Internal Audit Plans and related budgets.

### **5. ROLE**

- 5.1 The role of the Committee is to provide independent assurance and assurance to the Umalusi Council on control, governance and risk management.
- 5.2 The Committee does not replace established management responsibilities and delegations.
- 5.3 The Committee will provide Umalusi Council with prompt and constructive reports on its findings, especially when issues are identified that could present a material risk to the institution.

### **6. COMPOSITION, REMOVAL AND APPOINTMENT**

- 6.1 The Committee consists of at least four members who are independent of Umalusi. The Committee is constituted so as to ensure independence. The Committee collectively (not necessarily individually) has an understanding of:
  - 6.1.1 government environment and accountability structures;
  - 6.1.2 governance processes within the Umalusi;
  - 6.1.3 financial reporting;
  - 6.1.4 risk management;
  - 6.1.5 internal control;
  - 6.1.6 external audit process;
  - 6.1.7 internal audit process;
  - 6.1.8 legal process; and
  - 6.1.9 information technology.
- 6.2 One member of the Committee must have expertise in the industry in which Umalusi operates.
- 6.3 At least one member shall have the necessary financial expertise to properly assist and advise the Audit and Risk Committee in the performance of its duties and the execution of its powers.
- 6.4 The Chief Financial Officer of the Department of Basic Education is a member by virtue of his or her office.
- 6.5 A member of the Umalusi Council will be a member of the Audit and Risk Committee and perform liaison functions.

## **Audit and Risk Committee Charter: February 2026**

- 6.6 The members shall be professionals of relevant expertise and good standing in their professions and shall not be employees of Umalusi.
- 6.7 The Council shall have the power to, at any time; remove any member from the Audit and Risk Committee, particularly if any of the offences outlined below are committed, and to fill the vacancy, or vacancies, created by such removal.
- 6.8 The Council must fill vacancies on the Audit and Risk Committee within 90 (ninety) days after the vacancy arises.
- 6.9 All members of the Audit and Risk Committee, including the Chairperson, shall be appointed by the Council.
- 6.10 A member's term of office may be discontinued as a result of:
  - 6.10.1 the voluntary resignation of a member;
  - 6.10.2 failure to attend three (3) consecutive Audit and Risk Committee meetings;
  - 6.10.3 a breach of confidentiality or the unauthorised disclosure of information to a third party;
  - 6.10.4 being convicted of a criminal offence; and
  - 6.10.5 any other valid reason
- 6.11 Members of the Audit and Risk Committee are bound by the Code of Conduct.
- 6.12 Member terms and conditions are disclosed in the letter of appointment.

### **7. CHAIRPERSON**

- 7.1 The Council shall appoint the Chairperson from the members of the Audit and Risk Committee and shall determine the period for which he/she should hold office.
- 7.2 The Chairperson of the Audit and Risk Committee must be independent; knowledgeable regarding the status of the position; and have the requisite business, financial and leadership skills. He or she may not be a political office bearer, Chairperson of Council, or the executive authority.
- 7.3 The Chairperson may request another Non-Executive director who is a member of the Audit and Risk Committee to preside over a meeting in his/her absence.
- 7.4 The Chairperson must report and make recommendations to the Council. The Chief Financial Officer retains such responsibility for implementing such recommendations.

## **Audit and Risk Committee Charter: February 2026**

7.5 The Chairperson should be available to respond to questions regarding the work and activities of the Audit and Risk Committee to the Council, if requested to do so.

7.6 Should a report from the IASP or any other source implicate the Council in fraud, corruption or gross negligence, the Chairperson must promptly report this to the Executive Authority.

### **8. MEETINGS**

8.1 The Committee will meet at least four times a year, with authority to convene additional meetings as circumstances require.

8.2 The schedule of meetings will be agreed in advance.

8.3 All Committee members are expected to attend each meeting in person or via accepted communication tools, including meetings called on an ad hoc basis for special matters, unless a prior apology, with reasons, has been submitted to the Chairperson and the Secretariat.

8.4 A quorum of the Committee should be 50% + 1 of the total number of Committee members, including the Chairperson.

8.5 If the Chairperson of the Audit and Risk Committee is not present on the day or on the scheduled time for commencement of a meeting or is unable to attend a meeting, the members present, shall nominate a chairperson from among them to chair the meeting.

8.6 The committee meetings will normally be attended by the chief financial officer, chief executive officer, executive managers from Umalusi, representatives of the external auditors / internal auditors / auditor-general, the senior managers and/or managers of finance & SCM, Strategy and Governance and the PR&Comms. However, the Committee may invite members of Management or other relevant parties to attend meetings and provide pertinent information as necessary.

8.7 The Committee will determine its own agenda, ensuring appropriate consultation to include emerging issues and an emphasis on the most significant risks.

8.8 The Chief Executive Officer will appoint a secretary to facilitate the Committee's meetings and reporting duties. In consultation with the Audit and Risk Committee Chairperson, the secretary will prepare and send notices at least two weeks in advance and meeting documents, where possible, seven working days before each meeting. The secretary will also prepare minutes and accurately transcribe all committee decisions.

8.9 The Chairperson of the Audit and Risk Committee shall excuse from any meeting, or part thereof, any member or attendee who could, in his or her opinion, have any potential conflict of interest.

## **Audit and Risk Committee Charter: February 2026**

- 8.10 Any member of the Audit and Risk Committee who is aware of an existing or potential conflict of interest between his or her work in the Audit and Risk Committee and his or her private work shall promptly inform the Chairperson of such conflict.
- 8.11 Members shall complete a declaration of interest form at each Audit and Risk Committee meeting. The declaration of interest forms shall be circulated with the discussion document during in-person meetings or via the applicable online platform for virtual meetings.
- 8.12 Members shall also declare their interest annually.
- 8.13 Members must be adequately prepared for meetings, to provide appropriate and constructive input on matters discussed.
- 8.14 Only those designated and appointed members of the Audit and Risk Committee have the right to vote on any matter requiring an Audit and Risk Committee recommendation or decision.
- 8.15 The Audit and Risk Committee, assisted by the secretariat, must establish an annual work plan to ensure proper coverage of the duties and responsibilities of the Audit and Risk Committee as set out in these terms of reference. Steps should be taken to give priority to matters of a critical nature, whilst other matters may be dealt with on a rotation basis as deemed appropriate by the Audit and Risk Committee. The agendas of quarterly meetings are to be determined in accordance with the annual plan.
- 8.16 The minutes are to be completed within fourteen (14) days after the meeting and circulated internally to the permanent invitees and thereafter to the Chairperson and to the Audit and Risk Committee members for review before the next scheduled meeting.
- 8.17 On completion of the minutes, the Secretariat will communicate matters arising to the relevant attendees.
- 8.18 The minutes must be formally approved by the Audit and Risk Committee at its next scheduled meeting with the exception of special Audit and Risk Committee meetings (wherein the minutes of the previous meeting may not be approved).
- 8.19 Once approved, the meeting minutes will be presented to the Accounting Authority (Council) before the Audit and Risk Committee's next meeting.
- 8.20 The Secretariat shall maintain an attendance register for every Committee meeting, and in the case of electronic meetings, attendance registers may be retrieved from the electronic system or the attendance recorded by the Secretariat.
- 8.21 The Secretariat shall safely keep all registers for record purposes.

## Audit and Risk Committee Charter: February 2026

### 9. TERM OF OFFICE

- 9.1 The Audit and Risk Committee members are appointed for a period of four (4) years, with an option to renew their membership, with a member being able to serve a maximum of two terms.
- 9.2 A Chairperson cannot serve for more than two terms.
- 9.3 The Council shall recruit new members on a staggered basis, where possible, in the best interest of the organisation to prevent the loss of knowledge and members' skill base at one time.

### 10. RESPONSIBILITIES

- 10.1 The Committee is accountable to the Umalusi Council for the exercise of its responsibilities.
- 10.2 The Committee will carry out the following responsibilities:

**10.2.1 FINANCIAL STATEMENTS** – The Audit and Risk Committee shall review the annual financial statements (Audited Annual Financial Statements and unaudited Annual Financial Statements), the accompanying reports to Parliament, and announcements regarding Umalusi's results or other financial information to be made public. This shall be done prior to submission to, and approval by, the Accounting and Executive Authorities, focusing particularly on:

- 10.2.1.1 Significant adjustments resulting from the audit;
- 10.2.1.2 complex or unusual transactions and highly judgemental areas;
- 10.2.1.3 major issues regarding accounting principles and financial statement presentations, including any significant changes in the company's selection, or application of, accounting principles;
- 10.2.1.4 the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the authority;
- 10.2.1.5 compliance with accounting standards, i.e. Generally Recognised Accounting Practice (GRAP) / International Financial Reporting Standards;
- 10.2.1.6 completeness and consistency of information contained therein;
- 10.2.1.7 incorporation and proper treatment of applicable and appropriate accounting principles and policies;
- 10.2.1.8 clarity of exposition of unusual items that may have a significant impact on Umalusi Council's financial stability;
- 10.2.1.9 reviewing current best practices and statements of accounting reforms to ensure that Umalusi Council's financial reporting meets the highest professional standards
- 10.2.1.10 reviewing matters that may have a significant impact on the financial statements:

## **Audit and Risk Committee Charter: February 2026**

- 10.3.1.10.1 disclosure of asset values and known contingencies, including post-balance sheet events.
- 10.2.1.11 audit findings presented by the auditors in both the preliminary and the final audit reports; and
- 10.2.1.12 analysis prepared by Management and/or the Independent Auditor setting forth significant financial reporting issues and judgements made in connection with preparing the financial statements. Discuss the annual financial statements and quarterly financial statements with Management and the External Auditors;
- 10.2.1.13 disclosures made in the Annual Report regarding significant deficiencies in the design or operation of internal controls, or any fraud that involves Umalusi employees; and
- 10.2.1.14 The Annual Report and financial statements are taken as a whole to ensure they fairly present a balanced and understandable assessment of the Umalusi's position, performance, and prospects.
- 10.2.1.16 Consider if the going concern assumptions are properly applied.

### **10.2.2 ANNUAL REPORTING** – The Audit and Risk Committee oversees reporting and, in particular, the Audit and Risk Committee must:

- 10.2.2.1 have regard to all factors and risks that may impact on the integrity of the annual report, including factors that may predispose Management to present a misleading picture, significant judgements and reporting decisions made, monitoring of enforcement actions by a regulatory body, any evidence that brings into question previously published information, or forward-looking statements or information;
- 10.2.2.2 review the annual financial statements and annual performance information, and other financial information;
- 10.2.2.3 comment on the accounting practices and the effectiveness of the internal financial controls;
- 10.2.2.4 review the disclosure of sustainability issues in the annual report to ensure that it is reliable and does not conflict with the financial information;
- 10.2.2.5 recommend to the Council the engagement of an external assurance provider on material issues;
- 10.2.2.6 recommend the annual report for approval by the Council;
- 10.2.2.7 review the content of the summarised information for whether it provides a balanced view (if applicable); and
- 10.2.2.8 engage the External Auditor to provide assurance on the summarised financial information (if applicable).

### **10.2.3 COMBINED ASSURANCE** – The Audit and Risk Committee will ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities and, in particular, the Audit and Risk Committee should:

## **Audit and Risk Committee Charter: February 2026**

- 10.2.3.1 ensure that the combined assurance model received is appropriate to address all the significant risks facing the organisation and the application of King Code on Corporate Governance; and
- 10.2.3.2 monitor the relationship between the external assurance providers and the organisation.
- 10.2.3.4 Oversee the effectiveness of assurance services and functions in achieving the following objectives:
  - 10.2.3.4.1 Enabling an effective internal control environment;
  - 10.2.3.4.2 Supporting the integrity of information used for internal decision-making by management and the Audit and Risk Committee; and
  - 10.2.3.4.3 Supporting the integrity of external reports.

### **10.2.4 FINANCE FUNCTION AND CHIEF FINANCIAL OFFICER – The Audit and Risk Committee shall:**

- 10.2.4.1 review the expertise, resources and experience of the organisation's finance function and disclose the results of the review in the annual report; and
- 10.2.4.2 consider and satisfy itself of the sustainability of the expertise and experience of the Chief Financial Officer every year.

### **10.2.5 RISK MANAGEMENT – The Audit and Risk Committee shall:**

- 10.2.5.1 review the Risk Management Policy and Risk Management Framework for identifying, assessing, monitoring and managing significant risks;
- 10.2.5.2 review the risk management report of Umalusi, including any significant changes to the risk profile (where applicable).;
- 10.2.5.4 liaise with Management to ensure that there is a common understanding of the key risks;
- 10.2.5.5 review whether risk management is carried out in a manner that really benefits Umalusi;
- 10.2.5.6 assess and contribute to the audit planning processes relating to the risks of Umalusi;
- 10.2.5.7 review and recommend disclosures on matters of risk in the annual financial statements;
- 10.2.5.8 review and recommend disclosures on matters of risk and risk management in the Annual Report;
- 10.2.5.9 provide regular feedback to Umalusi Council on the adequacy and effectiveness of risk management in the organisation, including recommendations for improvement; and
- 10.2.5.10 satisfy itself that it has appropriately addressed the following areas:
  - 10.2.5.10.1 financial reporting risks, including the risk of fraud;
  - 10.2.5.10.2 internal financial controls;
  - 10.2.5.10.3 information technology risks as they relate to financial reporting; and
  - 10.2.5.10.4 ethical risks.

**10.2.6 INTERNAL CONTROL – The Audit and Risk Committee shall:**

- 10.2.6.1 review the adequacy of the internal control system, including information technology security and control;
- 10.2.6.2 understand the scope of Internal and External Auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with Management's responses;
- 10.2.6.3 review whether relevant policies and procedures are in place and current, and whether these are complied with;
- 10.2.6.4 review whether the financial internal controls are operating efficiently, effectively and economically; and

**10.2.7 PERFORMANCE MANAGEMENT – The Audit and Risk Committee shall:**

- 10.2.7.1 review Umalusi's compliance with the performance management and reporting systems;
- 10.2.7.2 review Umalusi's Strategic Plan (when applicable) and Annual Performance Plan for the following year as well as Quarterly Performance Reports;
- 10.2.7.3 review whether performance management systems reflect Umalusi's purpose and objectives;
- 10.2.7.4 review whether performance reporting and information uses appropriate targets and benchmarks;
- 10.2.7.5 review and recommend high-level budget and strategic issues that should be considered when the five-year and the annual strategic plan and budget are being developed;
- 10.2.7.6 review and provide feedback arising from the Audit and Risk Committee's review of the Year-To-Date and Quarterly financial and non-financial performance information that management would have submitted to the Council; and
- 10.2.7.7 review and provide feedback arising from the Audit and Risk Committee's review of the Annual Financial Statements and Non-financial performance information that management would be submitting to the Council.

**10.2.8 INTERNAL AUDIT – The Audit and Risk Committee shall:**

- 10.2.8.1 review the Internal Audit Charter, budget, activities, staffing, skills and organisational structure of the IASP;
- 10.2.8.2 review and approve the Internal Audit Plan, its scope and any major changes to it, ensuring that it covers the key risks and that there is appropriate coordination with the External Auditor;
- 10.2.8.3 review the process followed by the management in the appointment, replacement or dismissal of the outsourced Internal Audit firm and make a recommendation to the Council.

## **Audit and Risk Committee Charter: February 2026**

- 10.2.8.4 resolve any difficulties or unjustified restrictions or limitations on the scope of Internal Audit work;
- 10.2.8.5 resolve any significant disagreements between Auditors and Management;
- 10.2.8.6 review significant findings and recommendations by Internal Audit and Management responses;
- 10.2.8.7 review the implementation of Internal Audit recommendations by Management;
- 10.2.8.8 review the performance of the outsourced IASP / Chief Audit Executive;
- 10.2.8.9 review the effectiveness of the IASP, including compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing; and
- 10.2.8.10 meet separately with the outsourced IASP / Chief Audit Executive to discuss any issues that the Committee or the IASP believes should be discussed privately.

### **10.2.9 EXTERNAL AUDIT – The Audit and Risk Committee shall:**

- 10.2.9.1 review the External Auditors' proposed audit scope, approach and audit fees for the year;
- 10.2.9.2 review the findings and recommendations by the External Auditor and Management responses;
- 10.2.9.3 review implementation of the External Auditors' recommendations by Management;
- 10.2.9.4 review the performance of the External Auditor;
- 10.2.9.5 ensure proper coordination of audit efforts between Internal and External Auditors;
- 10.2.9.6 meet separately with the External Auditor to discuss any matters the Committee or the External Auditor believe should be discussed privately; and
- 10.2.9.7 review and make a recommendation to the Council about the appointment of the External Auditor based on the report (process) followed by Management.

### **10.2.10 IT GOVERNANCE – The Audit and Risk Committee shall:**

- 10.2.10.1 assist the Council to oversee the development and implementation of an IT governance charter framework and policies that are integrated with the business strategy process and which sustain and enhance the Umalusi's strategic objectives, thereby improving the Umalusi's performance and sustainability;
- 10.2.10.2 oversee the implementation of IT processes and governance mechanisms, IT frameworks, policies, procedures and standards, ensuring IT governance alignment with the organisational corporate governance model;

## **Audit and Risk Committee Charter: February 2026**

- 10.2.10.3 review the information security strategy (including information security, information management and information privacy) and management's implementation of the strategy;
- 10.2.10.4 ensure that there are processes in place to enable complete, timely, relevant, accurate and accessible IT reporting, firstly from management to the Council, and secondly in the annual report; and
- 10.2.10.5 ensure the infrastructure and software applications strategies align with the ICT Governance framework.
- 10.2.10.6 monitor the planning, implementation and execution of the CGICT and alignment to Umalusi's strategic plan.

### **10.2.11 COMPLIANCE – The Audit and Risk Committee shall:**

- 10.2.11.1 review whether Management has considered legal and compliance risks as part of Umalusi's risk assessments;
- 10.2.11.2 review the effectiveness of the system for monitoring compliance with laws and regulations;
- 10.2.11.3 review the findings of any examinations by regulatory agencies and any auditor observations;
- 10.2.11.4 review the process for communicating the Code of Conduct to Umalusi employees and for monitoring compliance; and
- 10.2.11.5 obtain regular updates from Management regarding compliance matters.

### **10.2.12 ETHICS – The Audit and Risk Committee shall:**

- 10.2.12.1 ensure the development and review of an ethics policy;
- 10.2.12.2 make a determination of whether ethics is appropriately embedded in the risk management processes; and
- 10.2.12.3 advise the Council on matters relating to ethics, corporate governance and sustainability.

### **10.2.13 REPORTING RESPONSIBILITIES – The Audit and Risk Committee shall:**

- 10.2.13.1 quarterly and annually report to Umalusi Council about Committee activities, issues and related recommendations; describe the Committee's composition, responsibilities and how these were discharged, and any other information required;
- 10.2.13.2 submit a summary of its activities for inclusion in the Annual Report; and
- 10.2.13.3 review any other reports that Umalusi issues that relate to Committee responsibilities.

### **10.2.14 OTHER RESPONSIBILITIES – The Audit and Risk Committee shall:**

- 10.2.14.1 perform other activities related to this Charter as requested by Umalusi Council;

## **Audit and Risk Committee Charter: February 2026**

- 10.2.14.2 safeguard all the information supplied to it within the ambit of the law;
- 10.2.14.3 investigate matters within its powers as identified in this Charter; and
- 10.2.14.4 confirm annually that all responsibilities outlined in this Charter have been carried out.

### **11. REMUNERATION**

- 11.1 An official member (i.e. a person within the public service) may not receive additional remuneration for serving on the Audit and Risk Committee. However, subsistence and other allowances may be paid to the official member by the institution that employs the official member, in accordance with his / her conditions of service.
- 11.2 A non-official member (i.e. a person outside the public service) shall be remunerated according to the scales/tariff approved by the National Treasury and reviewed from time to time, by the Umalusi Council.
- 11.3 The remuneration of all the members of the Audit and Risk Committee must be disclosed as notes to the Annual Financial Statements.

### **12. EVALUATION OF COMMITTEE ACTIVITIES**

- 12.1 The Committee will undertake an independent self-assessment on its performance annually.
- 12.2 The Chairperson will provide each member with feedback on that member's contribution to the Committee's activities at least once during a member's term of office. The assessment may include training needs for each Committee member.
- 12.3 The Council may annually evaluate the ARC's performance in terms of its composition, mandate and effectiveness.

### **13. INDUCTION**

- 13.1 New members of the Audit and Risk Committee should be taken through the formal process of induction.
- 13.2 The new members should meet and be briefed by the Chief Executive Officer, Council Chairperson and Chairperson of the Audit and Risk Committee, and they should be introduced to the IASP/Chief Audit Executive and the external auditors.
- 13.3 The information to be provided to new members should include:
  - 13.3.1 The organisation's governance structure and how the Audit and Risk Committee operates within this structure;

## Audit and Risk Committee Charter: February 2026

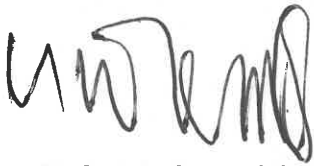

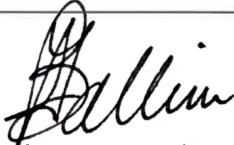
- 13.3.2 Copy of the Audit and Risk Committee Charter and recent Audit and Risk Committee;
- 13.3.3 Minutes including details of outstanding issues;
- 13.3.4 Copies of the relevant legislation;
- 13.3.5 Copies of the organisation's Annual Report, Strategic Plan, and Code of Conduct;
- 13.3.6 Risk management plans;
- 13.3.7 A briefing from management and the IASP on risk control and governance processes; and
- 13.3.8 A copy of the Internal Audit Charter, annual work plan and recent audit reports.

### 14. REVIEW OF THE CHARTER

- 14.1 The Committee will review its Charter as and when the need arises to ensure that it remains relevant to the Committee's authority, objectives and responsibilities.
- 14.2 All changes or amendments to the Charter will be discussed and approved by the Umalusi Council.

### 15. APPROVAL OF THE CHARTER

- 15.1 This Audit and Risk Committee Charter is endorsed by the Chairperson of the Committee and/or Chief Executive Officer and approved by the Umalusi Council.

DESIGNATION	SIGNATURE	DATE
Chief Executive Officer of Umalusi, based on the combination of the ICTOC terms of reference and the previous ARC Charter	 Dr Mafu S Rakometsi	 24/02/2026
Chairperson on behalf of Umalusi Council	 Prof Yunus Ballim	25/02/2026