

# RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE

## Dube TradePort Corporation Annual Report 2015/16 Supporting Document

### MANDATE

The Committee has the following specific responsibilities, as per the Audit and Risk Committee Terms of Reference:

### INTEGRATED REPORTING

The Committee oversees integrated reporting, and in particular the Committee must:

- Monitor the adequacy, reliability and accuracy of the financial information provided to management and other users of such information;
- Review the annual financial statements, integrated information, and relevant performance information included in the integrated (annual report) report;
- Comment in the annual financial statements on the financial statements, the accounting practices and the effectiveness of the internal financial controls;
- Review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information;
- Have regard to all factors and risks that may impact on the integrity of the integrated report, including any evidence that brings into question any previously published information, forward-looking statements or information, in particular:
  - Financial reporting risks;
  - Internal financial controls (review the internal control structure including financial controls, accounting systems and reporting);
  - Fraud risks as they relate to financial reporting; and
  - IT risks as they relate to financial reporting;
- Recommend the integrated report for approval by the Board; and
- Engage external service providers to provide assurance on the non-financial information if appropriate.

### COMBINED ASSURANCE

The Committee will ensure that a combined assurance model is applied to a coordinated approach to all assurance activities, and in particular the Committee should:

- Ensure that the combined assurance received is appropriate to address all the significant risks facing the DTPC Group;
- Liaise with and provide support to external and internal auditors; and
- Monitor the relationship between the external assurance providers and the DTPC Group.

### FINANCE FUNCTION

The Committee reviews the expertise, resources and experience of the DTPC Group's finance function, and discloses the results of the review in the integrated report.

### INTERNAL AUDIT

The Committee is responsible for overseeing the internal audit, and in particular the Committee must:

- Be responsible for the appointment, performance and/or dismissal of the internal audit service providers;
- Approve the internal audit plan;
- Monitor and review the effectiveness of the internal audit;
- Review the activities of the internal audit function, including compliance with the Internal Audit Charter;
- Review the annual work programme and budgets and coordination with the external auditors;
- Address any accounting or auditing concerns identified as a result of the internal audit;
- Confirm that the internal audit function is subject to an independent quality review; and
- Consider any additional services rendered by the internal audit service provider for recommendation to the Board.

### COMPLIANCE

The Committee is responsible for overseeing the compliance of the DTPC Group, and in particular the Committee must:

- Review the DTPC Group's compliance with legal and regulatory provisions;
- Monitor and report the compliance, or non-compliance, in the integrated report as appropriate;
- Review the policies as fall within its ambit and recommend to the Board for approval; and
- Review the delegations of authority for appropriateness and recommend to the Board for approval.

### RISK MANAGEMENT

The Committee is an integral component of the risk management process and specifically the Committee must:

- Oversee the development and annual review of a risk management framework and plan to recommend for approval to the Board;
- Monitor implementation of the policy and plan for risk management systems and processes;
- Make recommendations to the Board concerning the levels of risk tolerance and appetite, and monitor to ensure that risks are managed within levels of tolerance and appetite as approved by the Board;
- Review the reports detailing the adequacy and overall effectiveness of the organisation's risk management function and oversee that the risk management plan is widely disseminated throughout the DTPC Group and integrated in the day-to-day activities of the organisation;
- Ensure that risk management assessments are performed on a continuous basis;

# RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE (continued)

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- Ensure that the frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- Ensure that management considers and implements appropriate responses;
- Review, when appropriate, together with the organisation's legal advisor, any legal matters that could have a significant impact on the organisation's business;
- Review the adequacy of the group's insurance coverage;
- Review the high risk contracts; and
- Express the Committee's formal opinion to the Board on the effectiveness of the systems and effectiveness of the system and process of risk management.

### EXTERNAL AUDIT

The Committee is responsible for overseeing the external audit process and in this regard the Committee must:

- Review the audit plan and remuneration for the external audit engagement (cost-effectiveness);
- Pre-approve the contracts for non-audit services to be rendered by the external auditor;
- Address any accounting or auditing concerns identified as a result of the external audit;
- Ensure that there is a process for the Audit and Risk Committee to be informed of any Reportable Irregularities (as identified in the Auditing Profession Act, 2005) identified and reported by the external auditor; and
- Review the quality and effectiveness of the external audit process.

### DUTIES OF THE COMMITTEE

The Committee must:

- Report and make recommendations to the Board;
- Report on the effectiveness of internal controls in the integrated report of DTPC;
- Review the integrated report before submission to the DTPC Board for approval;
- Comment on its evaluation of the financial statements in the integrated report of DTPC;
- Communicate any concerns it deems necessary to the Board, and the Auditor-General; and
- Promptly advise the Executive Authority and the Auditor-General of any report implicating a member of the Board in fraud, corruption or gross negligence.

