

UNIVERSITY OF THE
FREE STATE
UNIVERSITEIT VAN DIE
VRYSTAAT
YUNIVESITHI YA
FREISTATA



Compliance Policy

Approved at UFS Council, 25 November 2022

COMPLIANCE POLICY – UNIVERSITY OF THE FREE STATE (UFS)

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POLICY STATEMENT	
1. Preamble/ background	<p>1.1 The Higher Education Act No 101 of 1997, as amended, is the University of the Free State's (UFS's) enabling Act.</p> <p>1.2 The King IV Report on Corporate Governance, Principle 13, recommends that the Council of the UFS should govern compliance with applicable laws and adopted non-binding rules, codes, and standards in a way that supports the organisation in being an ethical and good corporate citizen.</p> <p>1.3 The policy is intended to present how the UFS defines compliance and the compliance function's role and responsibilities in managing compliance risks.</p> <p>1.4 The University is committed to following best practices and market standards in areas of accountability, transparency, and business ethics to promote sustainability and good governance.</p> <p>1.5 The Legal Compliance Framework will assist the University personnel in confidently managing obligations imposed by the relevant legislation, statutes, regulations, etc. It formalises the existing obligations, responsibilities, and processes to help manage compliance internally and demonstrate compliance externally. The framework introduces consistency across the University in the way it captures, tracks, and reports on compliance, and it allows us to demonstrate our robust compliance culture.</p>
2. Purpose	<p>2.1 The purpose of this policy is to promote a compliance culture of honesty and ethical conduct, and to ensure compliance with legislative prescripts within the University of the Free State (UFS).</p>
3. Scope	<p>3.1 This policy applies to all management and staff within the University, as well as outsourced partners.</p>
4. Definitions and abbreviations	<p>“Compliance” means adherence to the laws, regulations, policies, procedures, and standards imposed on the operations of the University.</p> <p>“Compliance culture” means the shared values, beliefs, assumptions, and behaviours within the University in relation to compliance obligations.</p> <p>“Compliance programme” means a plan of activities to be undertaken by the compliance function over a defined period, which should be risk- based.</p> <p>“Compliance risk” means the current and prospective risk of damage to the University's business objectives, reputation, and financial soundness, which arise from non-compliance with regulatory requirements.</p>

	<p>“Compliance universe” means the list of regulatory requirements that have been identified as being applicable to the University.</p> <p>Non-compliance” “means a breach or failure to act in accordance with laws, regulations, policies, and procedures on the University.</p>
<p>5. Guiding principles</p>	<p>This policy is guided by the following documents:</p> <ul style="list-style-type: none"> a) The Constitution of the Republic of South Africa b) King IV Report on Corporate Governance for South Africa 2016 c) UFS Strategic Plan and Integrated Transformation Plan d) Legal Services and Regulatory Compliance Strategy e) Generally Accepted Compliance Practice (GACP) of the Compliance Institute of Southern Africa (CISA) f) Protected Disclosures Act No. 26 of 2000 g) The Prevention and Combating of Corrupt Activities Act No. 12 of 2004 h) The Prevention of Organised Crime Act No. 121 of 1998
<p>6. Policy/procedure</p>	<p>The UFS is committed to conducting its business activities in a lawful manner and observing all relevant compliance obligations. It is committed to complying with both the spirit and letter of applicable requirements and to always act with due skill, care, and diligence. The objective is to promote the achievement of goals set out in the University’s Strategic Plan and the Integrated Transformation Plan.</p> <p>6.1 Compliance Function</p> <p>6.1.1 Compliance Risk</p> <ul style="list-style-type: none"> a) Compliance risk is the risk of loss of reputation, penalties, fines, civil claims, and/or loss of authorisation by the regulators, which would jeopardise the business of the University of the Free State (UFS). b) If legislation governing the University is breached, the institution could be fined, the statutory authorisation could be withdrawn, or the officers could be fined. c) Damage to the institution’s reputation could result in an exodus of clients. Compliance risks are serious and must be taken seriously and controlled by all staff members of the institution. d) This policy aims to set out the UFS’s approach to managing compliance risks. <p>6.1.2 Compliance Philosophy</p> <ul style="list-style-type: none"> a) The principles, standards, and guidelines recommended by the Compliance Institute of Southern Africa are applied wherever appropriate. b) These have been formulated to ensure adherence to both regulatory and supervisory requirements. In addition, the UFS takes cognisance of the best practice guidelines and standards issued by the Department of Higher Education and

Training, Council on Higher Education (CHE), South African Qualifications Authority (SAQA), etc.

6.1.3 Independence

- a) The compliance function is required to function adequately, independently, and objectively.
- b) In addition, the compliance function should be able to operate, as regards the internal control structure of the business, in a manner that ensures that no actual or potential conflicts of interest arise with the duties and functions of other staff members and, in particular, the other control functions as well as the functions of any representative.
- c) To be effective, the compliance function must be perceived as being independent of all other functions of the University.
- d) To provide for the appropriate independence of the compliance function, it reports administrative matters to the Rector and Vice-Chancellor and functionally to the Council.
- e) The compliance function also reports to the Audit Risk and IT Governance Committee (ARIC) and other relevant committee(s).
- f) The compliance function should not have any operational responsibilities that may pose a conflict of interest and impair independent reporting.

6.1.4 Management Support

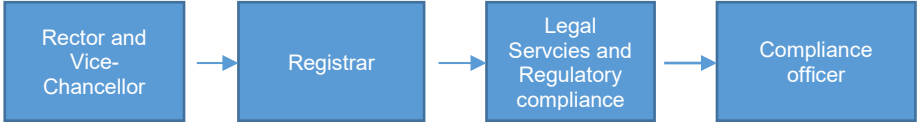
The compliance function will be permitted direct access to, and have demonstrable support from, top management, namely the Council and the executive management.

6.1.5 Authority

6.1.5.1 To enable the compliance function to discharge its internal and statutory responsibilities, it must have the following rights and powers:

- a) Unrestricted access to all business areas within the University and all of its activities, records, property, staff members, and meetings necessary for the diligent performance of its responsibilities, notwithstanding any considerations of confidentiality.
- b) Full and free access to all relevant committees.
- c) Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish compliance objectives.
- d) Obtain the necessary assistance of staff members where they perform monitoring reviews, as well as from other specialised services within or outside of the University.
- e) Direct and require staff members to apply the compliance policy and standards.
- f) Access to the agenda and minutes of executive, management and Council meetings.
- g) Access to reports and correspondence with regulators.

	<p>h) Access to external and internal auditor's reports and management letters along with management replies thereto.</p> <p>i) Access to audit reports involving compliance matters.</p> <p>j) The right to conduct any compliance or due diligence investigation within the University, which may be necessary (including but not limited to investigations into statutory and regulatory breaches and complaints).</p> <p>k) To be consulted about any proposed business or product development, which may have compliance implications, with a concomitant duty upon management to consult with the compliance function accordingly.</p> <p>l) The right to call for any report from any person on a compliance matter without limitation.</p> <p>6.1.5.2 The compliance function is not authorised to:</p> <p>a) Perform any operational duties of the University outside of the compliance function in order to maintain its independence and objectivity.</p> <p>b) Take ownership of compliance as it is the primary responsibility of management to ensure that compliance occurs.</p> <p>6.1.6 Remedial Action</p> <p>Any person failing to comply with internal policies, procedures, and other requirements, or who does not actively comply with the letter and the spirit of legislation, will be subject to University disciplinary procedures that could ultimately lead to their dismissal.</p> <p>6.2 Compliance Structure</p> <p>6.2.1 The fostering of a culture of compliance, as well as optimising relations with regulators, warrants a multidisciplinary approach that can only be effective once all the relevant role-players actively support the compliance system and its objectives.</p> <p>6.2.2 Therefore, it is imperative that the relations and communication channels between the different role-players are clearly set out in an appropriate structure.</p> <p>6.2.3 The format of the UFS's compliance structure has been determined to provide the Council of the UFS with regular information regarding the level of compliance with supervisory requirements based on the following underlying principles:</p> <p>a) Have adequate resources available to ensure proper compliance monitoring.</p> <p>b) Function adequately, independently, and/or objectively.</p> <p>c) Ensure that no conflict of interest exists with other internal control functions.</p> <p>d) Report issues of non-compliance to the Registrar, Rector, and Vice-Chancellor, Rectorate, ARIC, and other relevant committees in a timely manner.</p> <p>e) Have direct access to the Rector and Vice-Chancellor through the Registrar's office.</p>
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	<p>f) Be able to liaise directly with the regulator, particularly with regard to the reporting required.</p> <p>The format of the University’s compliance structure is determined based on the UFS Legal Services and Regulatory Compliance Strategy:</p>  <pre> graph LR A[Rector and Vice-Chancellor] --> B[Registrar] B --> C[Legal Services and Regulatory compliance] C --> D[Compliance officer] </pre>
<p>7. Responsibility</p>	<p>7.1 Introduction</p> <p>This section sets out the parties responsible for compliance and lists the core responsibilities of the compliance function and compliance officer(s).</p> <p>7.2 The Council and Executive Management</p> <p>a) The responsibility for managing the University rests with the Council and Rector and Vice-Chancellor. Accordingly, the Council and Rector and Vice-Chancellor are responsible for compliance with statutory, regulatory, supervisory, and best practice requirements, and they are liable for the consequences of non-compliance.</p> <p>b) The Council and Rector and Vice-Chancellor delegate authority to the compliance function to ensure that the compliance process is effective and that there is adherence to statutory, regulatory, supervisory, and best practice requirements.</p> <p>c) The Council and Rector and Vice-Chancellor are, however, ultimately responsible for compliance.</p> <p>7.3 The Compliance Function and Compliance Officer(s)</p> <p>The primary role of the compliance function and compliance officer(s) is to assist with, enable, facilitate, and monitor the effective management of the compliance risk by the institution by:</p> <p>a) Setting policies and standards for compliance.</p> <p>b) Providing advice on compliance matters, including assisting with due diligence investigations, etc.</p> <p>c) Designing and – once agreed and approved by top management – implementing the compliance section of the risk management framework.</p> <p>d) Identifying the compliance universe.</p> <p>e) Compiling a compliance manual with sufficient references to relevant operational controls, procedures, policies, and operation manuals.</p> <p>f) Establishing and maintaining a compliance culture in conjunction with management, which contributes to the</p>

	<p>overall objective of prudent risk management of the institution.</p> <ul style="list-style-type: none"> g) Monitoring the level of compliance on an ongoing basis. h) Establishing and maintaining working relationships with stakeholders. i) Providing assistance to minimise the damage to the reputation and/or image of the institution in cases where material transgressions occur. j) Promoting a compliance culture through effective training programmes, awareness campaigns, and road shows. k) Reporting to the Council, Audit, Risk, and IT Governance Committee (ARIC), and other relevant University committees, line management, and regulators as required; l) Attending to recommendations and/or requests from the Council, ARIC, Institutional Risk Management Committee (IRMC), line management, and regulators. m) Facilitating the maintenance of a complaints register in accordance with regulatory requirements. <p>7.4 Internal Audit</p> <ul style="list-style-type: none"> a) To review the adequacy and effectiveness of management control systems designed to support proper compliance with legislative prescripts. b) To review the level of compliance at the University regarding rules, regulations, laws, codes of practice, guidelines, and principles to provide assurance on the work conducted by the compliance function as part of normal audit responsibilities. <p>7.5 Legal Services</p> <ul style="list-style-type: none"> a) To identify and interpret legislative prescripts. b) To provide legal services and advice. c) To provide assistance in drafting regulatory bills. <p>7.6 All Staff Members</p> <ul style="list-style-type: none"> a) To act as primary role-players in the process of complying with regulatory requirements. b) To comply with applicable laws, regulations, policies, and procedures, and to ensure that compliance obligations are incorporated in their daily activities. c) To familiarise themselves with internal policies affecting their Directorate and the University. d) To report any compliance breaches, violations, incidents, and complaints. e) To support and participate in establishing a culture of risk and compliance management.
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8. Accountability and Authority:	
8.1 Implementation:	8.1.1 Deputy Registrar: Legal Services and Compliance
8.2 Compliance:	8.2.1 Registrar
8.3 Monitoring and evaluation:	8.3.1 Deputy Registrar: Legal Services and Compliance
8.4 Development/review:	8.4.1 Compliance function will be responsible for the administration and review every two years.
8.5 Approval authority:	8.5.1 Council
8.6 Interpretation and advice:	8.6.1 Deputy Registrar: Legal Services and Compliance

9. Who should know this policy?
All management and staff within the University as well as outsourced partners.

10. Policy/procedure implementation plan	Refer to Appendix 2: Policy Implementation Plan
11. Resources required	Refer to Appendix 2: Policy Implementation Plan

12. Answers to FAQs	
	List questions asked by participants in the development of the policy. Provide answers that will help direct action within the relevant departments.

EFFECTIVENESS OF THE POLICY	
Performance Indicator(s):	To be completed on review by the person responsible for implementation, monitoring and evaluation.

LETTER OF ENDORSEMENT FROM THE RECTOR AND THE VICE-CHANCELLOR

Regulatory and best practice requirements continue to place an increasing focus on compliance within higher education and/or tertiary institutions. This includes the need to ensure compliance not only with the applicable legislation but also supervisory requirements and industry guidelines. Instead of viewing the adherence to these requirements as an imposed necessity, the UFS views it as a way of conducting business in a manner that is fit and proper.

The Council of the UFS is ultimately accountable for compliance. The primary role of the compliance function is to assist the Council and management in running the organisation with integrity and ensuring that it complies with all relevant regulatory and best practice requirements and is conducted in accordance with the highest ethical standards. The appointed Compliance Officer is responsible for the effective implementation of the function and for facilitating compliance throughout the institution via awareness creation, independent monitoring, reporting, and the provision of practical solutions or recommendations.

It must be emphasised that the primary responsibility for complying with any regulatory requirement lies with all members of staff conducting the particular transaction or activity to which the regulatory requirement applies. All staff are required to be conversant with the appropriate legislation, regulatory requirements, manuals, policies and procedures relevant to the organisation. All staff are expected to comply with both the letter and the spirit of these requirements.

The Council regards compliance as a matter of high priority. Failure to comply can result in the institution being exposed to liabilities and/or risk of loss of authorisation to conduct business in the higher education industry. In addition, non-compliance with industry standards may negatively influence the reputation of the institution.

The Council and Rectorate formally endorse the establishment of the compliance function and urge each staff member to play their part in enhancing the culture of compliance throughout the University.

POLICY/GUIDELINE IMPLEMENTATION PLAN	
1. Preamble/ background	<p>1.1 Compliance is an act of adhering to laws, regulations, policies, procedures and standards imposed on the operations of the University.</p> <p>1.2 The University is committed to conducting its business activities in a lawful manner and observing all applicable compliance obligations.</p> <p>1.3 The University is committed to complying with both the spirit and letter of applicable requirements and always acting with due skills, care and diligence.</p> <p>1.4 A Compliance Policy aims to establish the principles of, and commitment to the management of compliance risks by the University.</p> <p>1.5 It sets out the expected performance of all UFS staff members in relation to the maintenance of compliance procedures and overall governance of the University.</p>
2. Purpose	<p>2.1 The purpose of this Compliance Policy Implementation Plan is to document key steps, resources and communication strategies necessary to efficiently and effectively implement the Compliance Policy.</p> <p>2.2 To ensure that the Policy is monitored and reviewed periodically.</p>
3. The work plan	<p>3.1 Identify and consult with all the relevant key stakeholders to obtain their input on the newly developed policy.</p> <p>3.2 Outline the process to be followed to implement the policy for consideration and approval by the Council.</p> <p>3.3 Identify resources required to ensure the smooth implementation of the policy.</p> <p>3.4 Ensure that the Policy is accessible and communicated to the UFS community and that UFS staff clearly understand the policy and what is expected of them in order to enhance the compliance culture.</p> <p>3.5 Continuously monitor and critically observe that the policy is implemented and yields the required results.</p>
4. Identify stakeholders (people or groups)	<p>4.1 The Council</p> <p>4.2 Executive Management</p> <p>4.3 All UFS Staff</p>
5. Indicate current and needed levels of commitment	<p>5.1 The Council is responsible for the approval and implementation of the policy for the University as a whole in order to ensure effective corporate governance.</p> <p>5.2 The University's executive management is responsible for ensuring that the policy is understood and implemented within their departments.</p> <p>5.3 All UFS staff are responsible for ensuring that they familiarise themselves with the policy and that it is incorporated in their daily activities.</p>

6. Potential reasons for resistance and mitigation strategies	<p>6.1 The compliance function is a newly developed function within the Legal Services and Compliance Directorate. Fear of change, insufficient awareness, and lack of understanding regarding compliance and the requirements, as well as lack of management support, might lead to potential resistance.</p> <p>6.2 This could be mitigated by ensuring that the Policy is written in a simple and comprehensible manner.</p> <p>6.3 Creating adequate awareness and involving those affected ensures that they are not threatened by the change.</p> <p>6.4 It is also imperative that the tone is set at the top to secure support and/or commitment from the top structures.</p>
7. Stakeholder engagement	<p>7.1 Consulting with all involved to obtain their input and enable them to embrace change and take ownership of implementing the policy.</p> <p>7.2 Ensuring that the tone is set at the top by securing management's buy-in to ensure that compliance forms part of their daily activities within their respective departments.</p>
8. Communication of the policy	<p>8.1 Publishing the Policy on the UFS Intranet to ensure accessibility, and communicating it through electronic mail announcements.</p> <p>8.2 Conducting awareness and training sessions to ensure that UFS staff clearly understands the policy and what is expected of them in order to enhance the compliance culture.</p> <p>8.3 Have a dedicated compliance section on the intranet to communicate any compliance-related information and issues.</p>
9. Resources and budget	<p>9.1 Time Requirements The consultation process has a time-consuming element as it depends on the availability and participation of key personnel. The approval process is dependent on buy-in from the Council and Management to ensure that a compliance culture is maintained.</p> <p>9.2 Financial resources Might be required for awareness and/or training purposes.</p>
10. Strategies for successful implementation of policy/guideline	<p>10.1 Strategies for successful implementation of the Compliance Policy includes but is not limited to:</p> <p>10.1.1 Ensuring that the Council and executive management support and promote the compliance culture.</p> <p>10.1.2 Successful collaboration by involving those affected to define the change required.</p> <p>10.1.3 Communicate through awareness and training sessions such as oral presentations, email alerts, etc.</p> <p>10.1.4 Continuous monitoring and review of the policy to ensure that it is in line with the latest trends and creating the necessary compliance culture.</p>

<p>11. Risk assessment</p>	<p>11.1 Implementation Risk and Mitigation Strategy</p> <p>11.1.1 Implementation Risk: Unavailability of key stakeholders</p> <p>Mitigation Strategy: Advocating the importance of compliance and securing commitment from executive management</p> <p>11.1.2 Implementation Risks: Lack of “buy-in” from affected parties</p> <p>Mitigation Strategy: Ensuring that affected parties understand the consequences of non-compliance and that they are aware of the compliance risk management processes adopted by the Institutions. Including responsibility for compliance in key performance areas of UFS staff.</p>
<p>12. Monitoring and evaluation of the implementation of the policy/guideline</p>	<p>12.1 Continuously monitoring and critically observing that the policy is implemented and yields the required results. Reviewing the feedback provided, queries and complaints received. Ensuring that the policy is periodically updated with the latest trends by reviewing it every three years.</p>