

The interface between the Audit, Risk and Social & Ethics Committees

SAWEN
and the dti



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Presented for and
on behalf
of the IoDSA
by
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Role of the Audit Committee

- S 94 (7) of Companies Act 2008
- King III Chapter 3
- Generally covers
 - Finance
 - External audit
 - Internal audit
 - Accounting policy
 - Integrated reporting
 - Combined assurance
- Sometimes includes
 - IT Governance
 - Risk Governance
 - Investment

Role of the Social & Ethics Committee

- S 72 (4) of Companies Act 2008 + Reg 43
- Generally covers
 - UN Global Compact 10 principles
 - OECD recommendations regarding corruption
 - Employment equity
 - BBBEE
 - Good corporate citizenship
 - Environment
 - Consumer relationships
 - Labour and employment

Role of the Risk Committee

- King III Chapter 4
- Generally covers
 - Risk tolerance
 - Risk management framework and methodology
 - Oversee management of risk
 - Monitor risk management
 - Assurance of risk

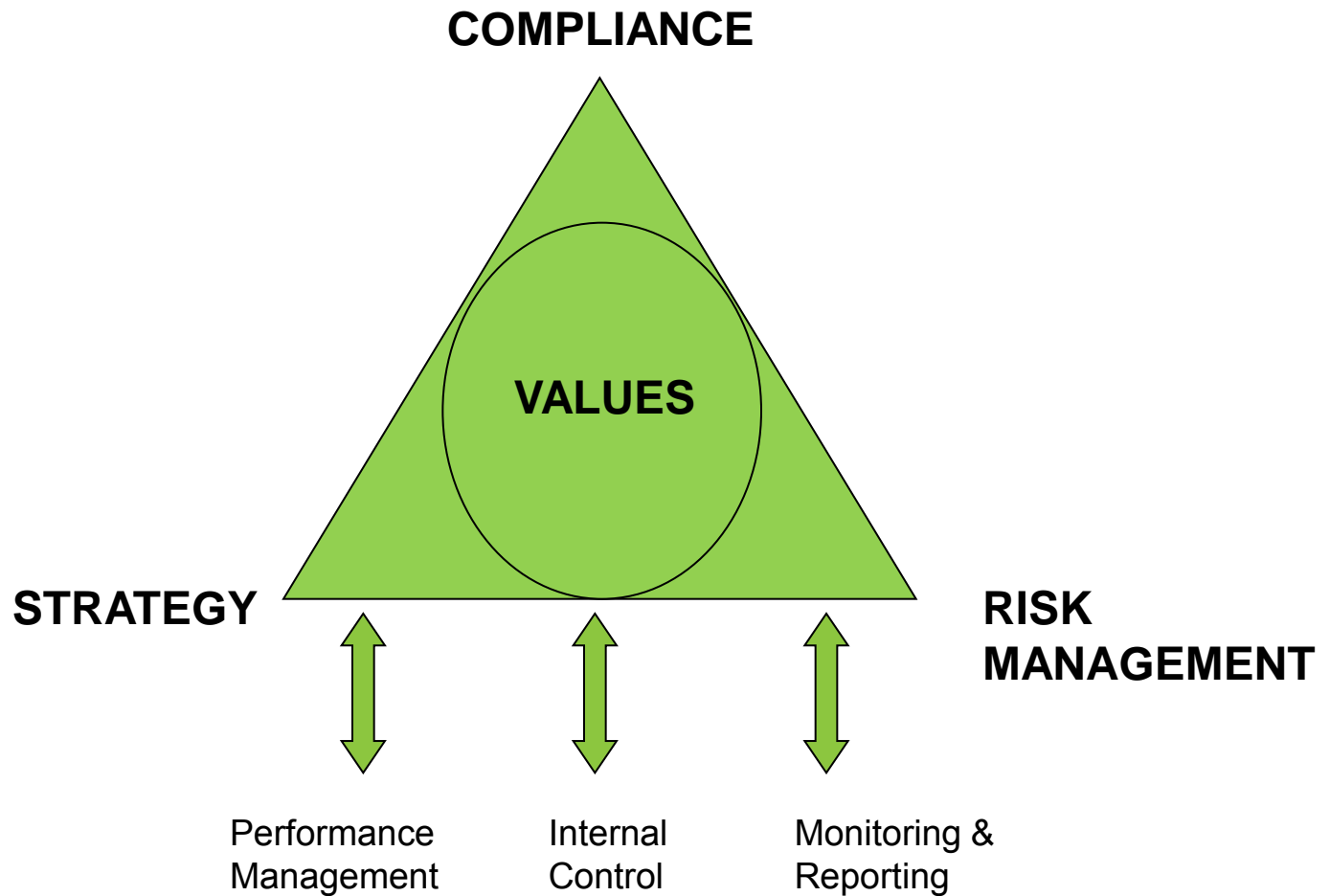
Potential overlaps and challenges

- Combined Assurance of risk
- Fraud and corruption
- Ethical culture
- Legal compliance
- Sustainable business practices
- Silo thinking

Solutions

- Define roles
- Communicate
- Overlapping memberships
- Joint meetings
- Meeting of chairmen
- Sharing of minutes and packs
- Understand co-dependencies
- Planning

Pulling it all together



Source material

- King III practice notes – Improving the functioning of the Board through the performance of the social & ethics, risk and audit committees – IODSA January 2012
- Audit Committee Forum Position Paper 16 – Guideline for the audit committee in relation to its interaction with other committees – IODSA ACF December 2012
- The Social and Ethics Handbook – Ethics SA, 2012

Thank You

