

The University of Witwatersrand, Johannesburg (Wits University or University)

The External audit appointment for a five-year period, as mutually agreed, has the following requirements.

The University requires the services of an external auditor for five financial year-ends, which is likely to commence with FY2026. The group comprises of the University and its wholly owned subsidiaries University of the Witwatersrand Foundation, Wits Health Consortium Proprietary Limited, Wits Junction Residences Proprietary Limited, Wits Plus (Pty) Ltd, Wits Commercial Enterprises Proprietary Limited, Wits Tshimologong Proprietary Limited and its joint venture, Wits University Donald Gordon Medical Centre and possible associate (i.e. SmartSpot Quality Proprietary Limited). The wholly owned subsidiaries are fully consolidated, while the joint venture is equity accounted. The external Audit services will be for the University and its subsidiaries.

Subsidiaries

Each of the wholly owned subsidiaries within the University is governed by relevant legislation and has appropriate governance structures in place and is responsible for ensuring that the financial results of the entity is monitored and reported on through these governance structures comprising of management committee/s, audit committee (where applicable), finance committee and board meetings. The Annual Financial Statements of each entity of these entities are presented to their respective boards for approval. Each of these entities are responsible for confirming the appointment of its own auditors, but the group has a harmonisation policy requiring these entities to appoint the same auditors throughout the group.

WITS University

The Council Audit and Risk Committee (CARC) – a sub-committee of Council and the Council of the University are the governing bodies delegated with the authority for the appointment of the external auditors and the functioning thereof. In the conduct of its duties, the Council Audit and Risk Committee has the following statutory duties, amongst others:

- Nominates for appointment an independent external auditor of the University and its subsidiaries.
- Recommend for appointment, reappointment, or removal of the external auditors to the Council.
- Review and recommend for approval the terms of engagement, scope, and fees of the external auditor. Review and approve the annual external audit plan including areas of focus, risk assessment and materiality levels.
- Ensure that the appointment of the external auditor complies with the Higher Education Act 10 of 1997 (as amended), and any other legislation relating to the appointment of auditors.
- Ensure auditor independence, including assessing any non-audit services provided and compliance with ethical and regulatory standards.
- Pre-approved fees within determined limits of the overall external audit fee for ad-hoc audit work and the provision of non-audit services to the University by the external auditor.
- Annually assesses the independence, objectivity, and performance of the external auditors.

The Chief Financial Officer of the University heads the finance function and ensures adequacy of resources of the University's finance function, knowledge, and experience of the members of finance management.

The Council and management of the University are responsible for the preparation of the Consolidated and Separate Annual Financial Statements and other financial information/reports and for a functioning internal control system.

Audit regulatory requirements

In terms of section 25(1)(a) of the Public Audit Act (No.25 of 2004) as amended (PAA), the Auditor General of South Africa (the "AGSA") has opted not to perform the annual audit of the University of Witwatersrand, Johannesburg ("Wits University or University") as referred to in section 4(3) of the PAA. With the concurrence of the AGSA, the University appoints the external auditors in terms of section 25(1) (b) of the PAA, read with section 25(4) of the PAA to perform the annual audit of the University.

The objectives of the audit are to obtain reasonable assurance about whether the Consolidated and Separate Annual Financial Statements are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes an independent opinion.

The auditors have a statutory responsibility to report to the Minister of Higher Education and Training whether, in their opinion, the Consolidated and Separate Annual Financial Statements present fairly, in all material respects, the financial position, financial performance and cash flow information of the Group, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Higher Education Act.

The auditors are required to comply with the duties imposed on them by the Higher Education Act, the Auditing Profession Act, 2005 (the "APA"), the Public Audit Act, 2004 as amended (the "PAA") and respective regulations.

In terms of the Higher Education Act, the University is required to submit its audited Annual Financial Statements to the Department of Higher Education and Training (DHET) within six months after the end of its financial year, with the submission deadline being 30 June of the following year. To ensure compliance with this deadline, the University's governance requirements (as outlined above) must also be fulfilled. Accordingly, the audit and consolidation of the Annual Financial Statements should be ready for submission to the external auditors by 30 April of the following year and as thus the audited AFS for the University entities should be approved not later than 31 March.

The auditors are subject to ethical obligations as prescribed by the Code of Professional Conduct for Registered Auditors, issued by the Independent Regulatory Board for Auditors (IRBA), as well as other applicable ethical standards governing the performance of audits in South Africa.

Audit of consolidated and separate financial statements

In accordance with the PAA and the applicable general notice issued thereunder, the external auditors are responsible for auditing the consolidated and separate Annual Financial Statements of the University, its group, and constituent entities, which include the following:

- the Consolidated and Separate Statement of Financial Position.
- the Consolidated and Separate Statements of Comprehensive Income and Other Comprehensive Income.
- Statement of Changes in Equity.
- Statement of Cash Flows for the year then ended and

- the notes, comprising a summary of significant accounting policies and other explanatory information.

The auditors conduct the audit in accordance with International standards on Auditing (ISAs). The auditors are also required to:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Communicate in writing concerning any significant deficiencies in internal control relevant to the audit of the consolidated and separate financial statements that have been identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the University.
- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and University's ability to continue as a going concern.
- Review overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

Requirements regarding other information

The Council is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report thereon and those [programmes/objectives/development priorities] in the annual performance report that have been specifically reported on in the auditor's report.

The auditors are required by the ISAs to review the other information, to read and consider it, to respond when a material inconsistency appears to exist or other information appears to be materially misstated and to report on the other information. The audit opinion, however, does not cover the other information and the auditors do not express an audit opinion or any form of assurance conclusion thereon.

Reporting on the annual performance report

In accordance with the PAA and the general notice issued in terms thereof; the auditors have a responsibility to report findings on the reported performance against predetermined objectives for selected objectives presented in the annual performance report. They mainly cover the following:

- Identify and assess risks of material misstatement of the reported performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain

audit evidence that is sufficient and appropriate. In making those risk assessments the auditors consider internal control relevant to the management and reporting of performance information per selected objective in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.

- Evaluate the documentation maintained by the University that supports the generation, collation, aggregation, monitoring and reporting of performance indicators/measures and their related targets for the selected objectives.
- Evaluate and test the presentation in the annual performance report, its consistency with the approved performance planning documents of the University, the appropriateness of measurement methods and reporting policies used, the reasonableness of estimates made, and the reliability of information on performance achievement at the level of reported performance targets (i.e. actual performance/ target achievements).

Reporting on the University's compliance with specific matters in key legislation relating to financial matters, financial management and other related matters

With reference to the general notice issued in terms of the PAA, the auditors have a responsibility to report findings on compliance with specific legislation in respect of the following subject matters/areas will be reported:

- Fair presentation on Annual Financial Statements.
- Annual reports. Performance reporting on predetermined objectives.
- Asset management.
- Conflict of interest - Council members.
- Conflict of interest - Employees
- Compliance with financial and related legislation
- Requests for additional information and annual focus areas from the AGSA.

The criteria used to evaluate the above subject matters are developed from the applicable legislation, with specific focus on the following where applicable:

- The Higher Education Act; and
- Regulations for Reporting by Public Higher Education Institutions.

The engagement will be performed in accordance with the principles in the applicable International Standards of Supreme Audit Institutions (ISSAIs) published by the International Organisation of Supreme Audit Institutions and ISAE 3000 (Revised).

The auditors will report all material findings on the above-mentioned subject matters/ focus areas under the heading Compliance with legislation in the auditor's report.

Reports to the Council and those charged with governance

The auditor prepares the audit plan including the proposed fees, which must be agreed on prior to the commencement of the audit, on an annual basis. This must be approved by the respective boards of the University's subsidiaries, the University audit committee and its Council.

On conclusion of the audit, the auditors prepare a report to the respective boards of the University's subsidiaries, the University audit committee and its Council. The report provides feedback on the results of the audit, highlighting concerns around control deficiencies and other matters.

Assurance engagements other than audits

The University may require the auditors to provide non-attest services and conduct reasonable assurance engagements in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, ISAE 3000 (Revised) issued by the International Auditing and Assurance Standards Board. That standard requires that the auditors comply with ethical requirements, plan, and perform the engagement to obtain reasonable assurance that the reported performance information for the objectives is useful and reliable, in accordance with the applicable criteria as developed from the performance management and reporting framework. This will be contracted on a separate basis.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence that the reported performance information for the objectives listed above are useful and reliable, in accordance with the applicable criteria as developed from the performance management and reporting framework.

Miscellaneous requirements

Appropriately experienced and suitably qualified resources are required. The appointed audit team must be competent at all levels.

It is required that the core audit team membership be retained for the duration of the audit, supported by timeous and adequate succession planning.

Professional, advanced annual planning of audit activities must be provided and agreed with University stakeholders. This must be communicated timeously to relevant stakeholders.

Communication and escalation strategies and protocols must be agreed with the respective parties.

All annual fee increases will be reviewed, negotiated (where applicable) and must be agreed to by the University in writing.