

Combined Assurance Framework [FG011]

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Combined Assurance Framework

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Table of Contents

1.	Introduction	4
2.	Purpose of the framework	4
3.	Objectives of the framework	4
4.	Background to the framework.....	5
5.	Scope of the framework.....	5
6.	Combined assurance approach.....	5
7.	Combined assurance Process.....	6
8.	Key Stakeholders in Combined Assurance and Responsibilities	6
8.1	The first line of assurance	7
8.2	Second line of assurance	7
8.3	Third line of assurance.....	7
8.4	The fourth line of assurance	8
8.5	The fifth line of assurance.....	8
9.	University assurance providers	9
10.	Determination of the Coverage of Assurance	9
10.1	Academic Quality Assurance	9
10.2	Financial Assurances.....	10
10.3	Information Technology	10
10.4	Legal Compliance	11
10.5	Occupational Health and Safety	11
10.6	Ombud Office.....	11
10.7	Internal Audit.....	12
10.8	External Audit.....	12
10.9	The University Audit and Risk Committee (UARC)	12
11.	Benefits of Combined Assurance	13
12.	Related Policies and Frameworks.....	13
13.	Contacts	13

Acronyms

APDC	Academic Planning and Development Committee
DVC	Deputy Vice-Chancellor
ED	Executive Director
ERM	Enterprise Risk Management
ERMF	Enterprise Risk Management Framework
HR	Human Resources
ICTS	Information and Communication Technology Services
RMEC	Risk Management Executive Committee
TLC	Teaching and Learning Committee
UARC	University Audit and Risk Committee
OHSE	Occupational Health, Safety and Environment
UARC	University Audit and Risk Committee
UHRC	University Human Resource Committee
UICTC	University ICT Committee
UCT	University of Cape Town

1. Introduction

Combined assurance is the integration and alignment of assurance processes in the university to maximise risk and governance oversight and control efficiencies taking the university's risk appetite into consideration. Assurance management relates to the active management of information sources which provide judgments, opinions, and recommendations, which can be relied on for compliance, development, or decision-making purposes. This is aimed at improving governance and internal control systems as combined assurance is the result of organisational governance collaboration.

2. Purpose of the framework

The framework is in support of the Risk Management Policy and Enterprise Risk Management Framework and will assist in an integrated enterprise-wide risk management approach to proactively identify various categories of risk at the earliest opportunity, and to implement appropriate solution to manage the risks efficiently and effectively. Combined Assurance aims to formalise how the university manages risk by integrating the different assurance functions across the organisation, ensuring that assurance efforts are coordinated and aligned with the university's risk strategy. This is meant to enable the university to develop a comprehensive and initiative-taking approach to risk management, breaking down silos and reducing duplication of efforts, which in turn strengthens decision-making processes.

3. Objectives of the framework

The combined assurance model is designed and implemented to effectively address the organisation's significant risks and material matters through incorporation of the relevant assurance functions and services. By aligning these functions, combined assurance helps to:

- Ensuring that all critical risks are identified and managed cohesively across all faculties and departments
- Improve efficiency by reducing duplication of efforts by different assurance providers of efforts and highlighting gaps in risk coverage
- Strengthen decision-making within the university by providing a unified and clear picture of risk management to stakeholders
- Providing a holistic view of the university's risk and control environment
- Enhancing communication between assurance functions and management, and
- Improving decision-making by giving leadership better and more integrated insights.

4. Background to the framework

The concept of combined assurance is supported by the King IV Code which states that the governing body should ensure that assurance services and functions enable an effective control environment, supporting the integrity of information for internal decision making and of the organisation's external reports. For the university, there are various assurance providers that either directly or indirectly provide certain assurances over the effectiveness of the controls that mitigate the risks identified during the risk assessments.

5. Scope of the framework

The framework applies to all staff, students, and entities of the university. The framework extends to all current and future activities, potential opportunities and business dealings involving the university.

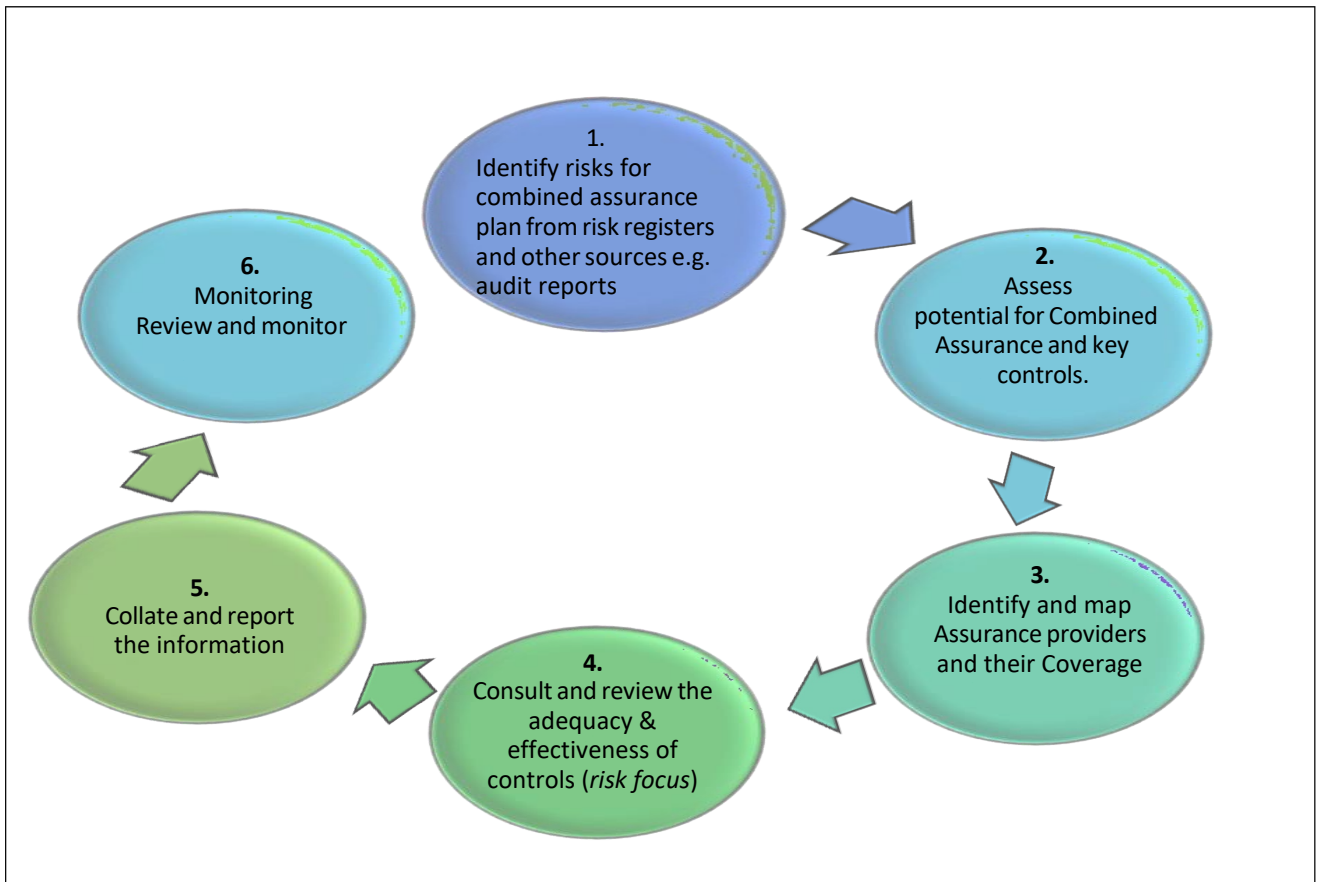
6. Combined assurance approach

The Combined Assurance Policy Framework once approved should be reviewed and approved will need to be sported by the establishment of a working group comprised of key officials representing departments and faculties in the university. The working group will develop its terms of reference and report at least bi-annually to the UARC.

7. Combined assurance Process

A six-step process will be employed to ensure the success of a combined assurance model.

This process is depicted as follows:



8. Key Stakeholders in Combined Assurance and Responsibilities

The concept of ‘combined assurance’ has been expanded in King IV, which broadens the traditional ‘three lines of defence’ to ‘five lines of assurance’ to incorporate all assurance role players, and to emphasise that assurance is about having an adequate and effective control environment and strengthening the integrity of reports for better decision making.

The five lines of assurance include (1) line functions that own and manage risk and opportunity, (2) specialist functions that facilitate and oversee risk and opportunity, (3) internal assurance providers, (4) external assurance providers, and (5) the governing body (council) and committees. King IV requires the audit committee to ensure that implementation of the combined assurance model results in combining, co-ordinating and aligning assurance activities across the various lines of assurance.

8.1 The first line of assurance

The tone of the organisation is the first line of defence because of the significant influence it has on the university's risk culture. Executive management is responsible for initiating the right and appropriate tone at the top, driving an "everyone is responsible for risk management" mantra throughout the university and positioning each of the respective lines of defence to function effectively. The first line is responsible for identifying, assessing, and managing the risks they generate, establishing effective controls, identifying and managing incidents and ensuring they meet their compliance obligations. This consists of identifying and assessing controls and mitigating risks.

8.2 Second line of assurance

Business unit management and process owners are the second line of defence, as they are responsible for the units and processes that create risks. Managers, the risk owners, are responsible for ensuring the managing of the risk and are best suited to offer broader assurance coverage. The next phase involves those individuals who are responsible for managing risk on a day-to-day basis to achieve the university's mission, vision, and strategic objectives. Operational management, which owns and manages risks, implementing internal controls and processes to identify and mitigate risks directly within their operations. Business unit management, functional management and process owners are responsible for ensuring the tone in the middle is aligned with the tone at the top. As the principal owners of risk, these managers set objectives, establish risk responses, train personnel, and reinforce risk response strategies. In addition, they implement and maintain effective internal control procedures on a day-to-day basis and are best positioned to integrate risk management capabilities with the activities that create the risks.

8.3 Third line of assurance

Independent risk management and compliance functions are the third line of defence, as they provide an independent, authoritative view and voice to ensure that an enterprise wide framework exists for managing risks. These functions are responsible for conducting their assessment whether risk owners are doing their functions in accordance with that framework, risks are measured appropriately, risk limits are respected and adhered to, and risk reporting and escalation protocols are working as intended. Depending on areas of speciality, these functions may include compliance, environmental, financial control, health and safety,

inspection, legal approval, quality assurance, risk management, security/privacy and supply chain.

The role is to establish the frameworks and policies to support the business in identifying, assessing, and managing their risks and regulatory compliance obligations as well as limits, under which first line activities are performed, consistent with the risk appetite of the university. Risk and Compliance also provide guidance, challenge, and independent oversight of the first line. The Risk and Compliance Office is responsible for coordinating the reporting of assurance information. This includes information on the adequacy of the governance system including the risk management and internal control systems.

8.4 The fourth line of assurance

Fourth line of assurance is responsible for undertaking independent assessments of the governance, risk management and internal control systems. Internal audit and the external auditors are examples of independent assurance providers that form the fourth line of assurance. Internal auditors provide independent assurance that the university's governance, risk management and whether internal control arrangements are operating effectively. Other assurance providers on this level include external consultants, accreditation agencies and regulators.

8.5 The fifth line of assurance

The Council and its committees represent the fifth line of assurance. However, to fulfil its responsibilities, it will rely on Executive Management to act on significant escalated issues timely, under the direction of the Council. This means that the Council must be engaged on a timely basis, consistent with the strategy of the university. King IV specifically requires the Council to approve the formal strategy by which 'the core purpose of the organisation is identified, and its short, medium and long-term direction is set. The Council ultimately provides oversight over the policies and plans that are developed from the approved strategy and implemented by management.

9. University assurance providers

The university has various assurance providers (the list is not exhaustive) that play in important role.

- Management – responsible for ensuring that the risks identified, there are controls in place and mitigating action plans are implemented so that deviations are identified timely and remedied adequately. This function includes advisory services within faculties and departments, legal services, academic quality assurance, etc.
- Internal assurance providers – responsible for supporting management in identification analysis and assessment of risks, including articulation of controls and mitigating action plans. These assurance providers are risk and compliance management, and internal audit that test the adequacy and effectiveness of the controls.
- External assurance providers – responsible for independent external assurance such as external audit, and other consultants sourced to provide expert services to ensure an effective control environment.

10. Determination of the Coverage of Assurance

Table on assurance coverage by the university:

No.	Coverage	Definition
1	Extensive assurance	All lines of defence are responding to the risk to the extent that coverage is duplicated.
2	Moderate assurance	There is a balance between risk severity and assurance coverage
3	Inadequate assurance	The assurance coverage is insufficient to ensure effective risk management.
4	No assurance	The risk has eluded all lines of defence and action is needed to respond to the risk

Inadequate assurance coverage must be addressed by the Combined Assurance Forum (working group). The Chair of the working group will be responsible for reporting on the adequacy of assurance provided by the implementation of combined assurance.

10.1 Academic Quality Assurance

Governance of Academic Planning and Quality Assurance matters is the responsibility of the Senate Academic Planning and Development Committee (APDC), and the Senate Teaching and Learning Committee (T&LC). The Unit facilitates internal and external processes (e.g. course and programme accreditation, departmental reviews) with a view to assuring

stakeholders that standards and criteria that define higher education provision have been met by the university and identifying where thresholds are exceeded. The responsibility includes quality enhancement, whereby the institution engages in a process of self-evaluation and peer review, with a view to lead to consciousness about strengths and areas for development and improvement. In addition, there is development and support activities that promote a culture of quality. In the main, this takes place via the planning for and development of resources to ensure the quality of teaching and learning at the university, and the identification and sharing of best practices.

10.2 Financial Assurances

The Finance department is responsible for the management processes relating to the University's financial, regulations, planning functions and Treasury services, including the provision of advice and guidance to faculties and departments. Finance and Planning staff work closely with faculties and professional services to monitor budget compliance and consider the financial implications of proposed initiatives and projects. The Finance Department aim is to ensure long-term financial sustainability in support of UCT's strategic objectives. The Department provides efficient and effective financial services and support for the university including UCT stakeholders, staff, students, funders, business partners and governing bodies in accordance with legislation and accepted accounting and financial practices.

10.3 Information Technology

ICT related risks are managed operationally by ICTS (risks related directly to the ICT environment), and by the business process and data owners (risks related to processes and functions that are supported by ICT environment). ICTS has a departmental Risk Management Forum that focuses on ICTS- managed risks and reports quarterly to the Risk Management Executive Committee (RMEC) for operational oversight and the University ICT Committee (UICTC) as the Council committee responsible for ICT at UCT. The Governance Support Services (GSS) division of ICTS facilitates this process and works collaboratively with Internal Audit and the Risk Management Office to ensure that IT-related risks are managed, often in conjunction with the business process owner. Cyber risk is currently tracked and reported on by teams in ICTS and reported to RMEC and UICTC; it is the goal of the ISMS project to implement an institution-level Information Security Management System, including establishment of an Office of the CISO at institutional level.

10.4 Legal Compliance

The legal department provides legal assistance and advice to the university in relation to matters that include drafting and advising on contracts (except those relating to human resources and research matters which are dealt with by HR and the Research Contracts & Innovation Department respectively), circulating information on legislative changes, management, administration and prosecution of student disciplinary matters in the University Student Discipline Tribunal (USDT) and the University Tribunal of Appeal, and appointment of University Commissioners of Oaths. A contract checklist, which monitors whether key activities have been undertaken prior to contract signature, forms part of the contract approvals process and is managed by the Department. Services provided by the Legal Services Unit include management of litigation and disputes (other than employment-related disputes) involving the University.

10.5 Occupational Health and Safety

The Occupational Health, Safety and Environment (OHSE) division is responsible for ensuring compliance with the Occupational Health and Safety Act No. 85 of 1993 and all health, safety and environmental regulations pertaining to the university. The OHSE division's branding promotes and identifies our safety processes and practices and assists with embedding safety into the university's everyday culture. OHSE encompasses safety, occupational health, environment, and emergency management. The central occupational health and safety advisory committee oversees activities relating to health and safety by amongst others reviewing UCT-wide OHSE trends and analysis to identify areas of emerging risk and develop strategic interventions that will eliminate or control undesirable events. By Committee is also key in reviewing recommendations made by the Executive/Risk Management Executive Committee and enabling implementation thereof within respective faculties or departments.

10.6 Ombud Office

The Office of the Ombud operates independently, impartially, confidentially, and off-the-record. The Office of the Ombud ideally functions as an office-of-last-resort after internal processes have been exhausted. The Office helps raise concerns, resolve disputes, and promote equitable treatment within the university. As such, the office is intended to enhance the general well-being of the UCT community.

10.7 Internal Audit

Internal Audit plays an important role in UCT's control environment and risk management it does this by providing assurance to management, Risk Management Committee, University Audit and Risk Committee and external stakeholders. In addition, Internal Audit provides services that are consultative in nature, to the extent that it maintains its independence. The objectives of our audits are centred around assessing the adequacy and effectiveness of controls, policies and procedures. In addition to providing objective and independent assurance, Internal Audit provides services to external stakeholders in the form of agreed upon procedure reviews and factual finding reviews. Internal audit reports to the UARC. Internal Audit assesses the effectiveness of governance structures and processes and identify means to create transparent rules and controls to guide management.

10.8 External Audit

External auditors provide an independent opinion on the university's financial statements which provide an assessment of the university's financial performance including revenue and expenditure, and its assets and liabilities. To establish an opinion on the university's financial statements, the external auditors undertake independent audit work and can at times rely on work undertaken by internal audit. In addition, to offering an independent perspective on financial reporting and regulatory compliance, external auditors also assess the effectiveness of internal controls and governance structures

10.9 The University Audit and Risk Committee (UARC)

The UARC ensure that UCT implements effective risk management processes and that the Council receives reports at least twice per annum covering the implementation of suitable frameworks for enterprise-wide risk management, including policies and procedures, whistle blowing arrangements and reporting risk management activities.

The Committee provides an oversight of the University's risk profile – its on-going and potential exposure to Strategic, Financial, Operational (including information technology, cyber security, business continuity planning, compliance, fraud, health and safety, etc.), Social and Environmental Risks. The committee oversee how the University management monitors compliance with applicable legislation and the requirements of regulatory authorities new risk activities emerging from decisions, initiatives, transactions and exposures, prioritise them and report them to the Council.

The Committee also oversee that an appropriate risk culture at the University is maintained, and the University leadership are at the forefront. The University's risk appetite and tolerance levels are approved and communicated throughout the institution.

11. Benefits of Combined Assurance

The following are some of the benefits which are anticipated to be derived from implementing the combined assurance model:

- Improved reporting to the Council and its committees, including reducing the repetition of reports being reviewed.
- Reduction in assurance costs through elimination of duplication in assurance efforts.
- Collaboration by Managers to become responsible, flexible and more proactive.
- Possible efficient and effective usage of the University resources.
- Assurance activities produce valuable, integrated data, based on collaboration and not silos.
- Enhanced internal control assessment.
- Identified risks are reduced to a minimum level and fewer surprises that occur.
- Comprehensive and prioritise tracking of remedial action on identified improvement opportunities/weaknesses.

12. Related Policies and Frameworks

- Risk Management Policy
- Enterprise Risk Management Framework
- Fraud and Corruption Prevention Policy and Response Plan
- Business Continuity Management Policy
- Whistleblowing Policy

13. Contacts

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