



RISK MANAGEMENT COMMITTEE CHARTER

2022/2023

1. CONSTITUTION

The Risk Management Committee (RMC) has been established by the Alfred Nzo District Municipality to assist the Municipal Manager to fulfil his / her risk management and control responsibilities in accordance with prescribed legislation and corporate governance principles.

2. OBJECTIVES

The primary objective of the committee is to assist the Municipal Manager in discharging his / her accountability for risk management by reviewing the effectiveness of the institutions risk management systems, practices and procedures, and providing recommendations for improvement.

3. LEGISLATIVE FRAMEWORK

Section 62 (1) (a) of the Municipal Finance Management Act (hereafter referred to as “MFMA”) states that the Accounting Officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure ;

- (c) That the municipality maintains effective, efficient and transparent system;
- i. Of financial and risk management and internal control;

The National Treasury has issued a number of guidelines aimed at assisting institutions to embed risk management into the culture and language of the affected institutions. One of those tools is requirement to establish a Risk Management Committee with defined and approved terms of reference. The Terms of Reference are intended to guide the committee when performing its functions, to engender proper corporate governance in terms of the King 111 report, the Municipal Finance Management Act and to clarify the roles and the responsibilities of the committee and the management of Alfred Nzo District Municipality.

4. COMPOSITION

Permanent members of the committee shall be formally appointed by the Municipal Manager. The members, as a collective shall possess the blend of skills, expertise and knowledge of the institution, including familiarity with the concepts, principles and practice of risk management, such that they can contribute meaningfully to the advancement of risk management within the institution.

Membership shall comprise:

- An independent Chairperson;
- Municipal Manager
- Members of Senior Management;

Standing invitees to the Committee shall be:

- Risk & Compliance Manager
- Manager ICT
- Chief Audit Executive
- Legal Manager
- Manager IDP & PMS
- Any other person who may be co-opted to provide specialist skills, advice and counsel.

5. MUNICIPAL MANAGER

The Municipal Manager shall recommend the appointment of an independent Chairperson.

The Municipal Manager shall ensure that the Committee have the requisite authority to request management to appear before it to account for their delegated responsibilities in respect of risk management.

Develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;

For the purposes of the functioning of the Committee, in the event that the members of the Committee are of a more junior rank than the management that they request to appear before them, the additional rank hierarchy of Alfred Nzo District Municipality shall not apply. This implies that in the context of the functioning of the Committee, the Committee members will enjoy greater powers than management although the members themselves may be of a lower status.

6. ROLES AND RESPONSIBILITIES

The duties of the Committee shall be to:

- Review the risk management policy and strategy and recommend for approval by the Council;
- Review the risk appetite and tolerance and recommend for approval by the Accounting Officer;
- Review the institutions risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register;
- Evaluate the effectiveness of mitigating strategies to address the material risks of the institution;
- Report to the Accounting Officer any material changes to the risk profile of the institution;
- Fraud Prevention Committee to review the fraud prevention policy and recommend for approval by Council;
- Evaluate the effectiveness of the implementation of the fraud prevention policy;
- Review any material findings and recommendations by assurance providers on the system of risk management and monitor that appropriate action is instituted to address the identified weaknesses;

- Develop goals, objectives and key performance indicators for the Committee for approval by the Accounting Officer;
- Set out the nature, role, responsibility and authority of the risk management function within the institution for approval by the Accounting Officer, and oversee the performance of the risk management function;
- Provide proper and timely reports to the Accounting Officer on the state of risk management, together with aspects requiring improvement accompanied by the Committees recommendations to address such issues.

7. ROLES AND RESPONSIBILITIES OF THE CHAIRPERSON OF RISK MANAGEMENT COMMITTEE

- Chair meetings and provides guidance and oversight;
- Monitor implementation of risk management in Alfred Nzo District Municipality;
- Monitor implementation of the risk management action plans and ensure compliance with such plans;
- Oversee the integration of risk management into planning, monitoring and reporting process of Council;
- Ensure implementation of Risk Maturity Model;
- Recommend minimum capacity levels to achieve effective risk management in Alfred Nzo District Municipality;
- Perform any other function that the Alfred Nzo District Municipality may request for effective management of risks;
- Provide risks management expertise as and when required;
- Present risk management quarterly reports to Audit Committee and Mayoral Committee and Council.

8. MEETINGS

The Committee shall meet at least four times per annum. The Chairperson of the Committee or majority of the permanent members of the Committee may convene additional meetings as circumstances may dictate. The Committee shall meet at least 7 days before the seating of the Audit Committee to discuss and deliberate about issues pertaining to their function and discuss issues that will be reported to the Audit Committee.

9. ADMINISTRATIVE DUTIES

The Municipal Manager shall provide the secretariat of the Committee. The secretary shall forward the notice of each meeting to the Committee members no later than 7 days prior to the date of the meeting. The notice shall confirm the venue, time, date and agenda and include the documents for discussion. The minutes of the meetings shall be completed by the secretary and sent to all relevant officials for comment within 7 working days after the meeting.

10. QUORUM

50% plus one constitutes a quorum. A permanent member of the Committee may nominate a proxy on his / her behalf. This proviso shall lapse in the event that the permanent member fails to attend 75% or more of the Committee meetings held in that particular financial year in person. Therefore proxies can only be delegated to attend the meeting once in a financial year.

11. PERFORMANCE EVALUATION

The Committee will annually undertake self-assessment on its performance. The Chairperson will provide each member with feedback on that member's contribution to the Committee's activities at least once during a member's term of office. The assessment will include training needs for each Committee member.

12. REVIEW OF THE CHARTER

The Committee will annually review its charter to ensure that it remains relevant with the Committee authority, objectives and responsibilities. All changes or amendments to the charter will be discussed and approved by the Municipal Manager.

13. APPROVAL OF THE CHARTER

The Risk Management Committee Charter is endorsed by the Chairperson of the Committee and approved by the Municipal Manager.

Prepared by:

MR M Khambula

Risk and Compliance Manager

Date:

Recommended by:

Mr Z.H Sikhundla

Municipal Manager

Date:

Endorsed by:

Ms. L Sonqishe

Risk Management Committee Chairperson

Date:

Approved by:

Chairperson of the Council: Honourable Cllr Mr S.Kulu - Speaker

Date: