

NTABANKULU LOCAL MUNICIPALITY

RISK MANAGEMENT COMMITTEE CHARTER 2023-2024



RISK MANAGEMENT COMMITTEE CHARTER

2023-2024

Version : 2023-2024

Amended During :2022-2023

Approved by the Acting Municipal Manager

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1. Constitution

Municipal Finance Management Act (Act 56 of 2003) (MFMA) provides in section 62(1) (c) 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 that the municipality has and maintains effective, efficient and transparent systems – (i) of financial and risk management and internal control; Ntabankulu local municipality has established a Risk Management Committee to assist the Accounting Officer to fulfil risk management and control responsibilities in accordance with section 62(1) of the MFMA.

2. Objectives

The primary objective of the committee is to assist the Accounting Officer in discharging her accountability for risk management by reviewing the effectiveness of the Institution's risk management systems, practices, and procedures, and providing recommendations for improvement.

The benefits to be derived from the formation of an effective Risk Management practices are not limited to the following:

- Increased senior management and Council focus on risk areas on a regular and systematic basis.
- Increase assurance to the Council and Audit and Performance Committee that adequate action has been taken to minimise the risks facing Ntabankulu local municipality.

3. Composition

The membership of the Risk Management Committee shall consist of:

- 3.1. The Chairperson of the Risk Management Committee who is an independent external person and, shall be appointed in writing from amongst Audit and Performance Committee members by the Accounting Officer.
- 3.2. The term of office of the Risk Management Committee Chairperson shall be at least three (3) years and may not be contracted continuously for a period exceeding six years. A member having served a period of six consecutive years, will not be eligible for re-appointment until a "cooling off" period of two years has lapsed.
- 3.3. The Risk Management Committee must be representative of the top management of Ntabankulu Local Municipality across a variety of disciplines.
- 3.4. Standing invitees to the committee shall be the:
 - (i) Accounting Officer.
 - (ii) All the Directors, including Managers reporting directly to the Accounting Officer
 - (iii) Internal Audit Manager; and
 - (iv) Risk Champions



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4. Roles and responsibilities

The duties of the Risk Management Committee shall be:

- a) Establishment and monitoring of the implementation of:
 - (i) Risk Management policy.
 - (ii) Risk Management Strategy.
 - (iii) Risk Management implementation plan.
 - (iv) Fraud Prevention policy.
- b) Ensuring the responsibilities and coordination of risk management are clear.
- c) Advising the Accounting Officer on matters relative to risk management.
- d) Overseeing the implementation and maintenance of the ongoing process of risk identification, quantification, analysis and monitoring throughout the municipality.
- e) Reviewing and recommending actions for improvement regarding outstanding actions on risk management plans.
- f) Reviewing the risk register on a quarterly basis to take note of material risks to which the municipality may be exposed and recommend appropriate remedial actions.
- g) Ensure that the annual formal risk assessment is timeously performed.
- h) Utilising the available resources to compile, develop and implement plans, procedures, and controls within the municipality's Enterprise Risk Management policy to effectively management the risks within the municipality.

5. Meetings

- 5.1. The Risk Management Committee should meet at least four times per annum. The meetings should be scheduled in such a manner that they precede to the Audit and Performance Committee.
- 5.2. Meetings may be called by Risk Management Committee Chairperson at any time and should be done in writing.
- 5.3. Notice of each meeting to be held should be given to all members and other interested parties at least seven (7) days prior to the date of the meeting.
- 5.4. The sitting of meetings shall be included in the institutional calendar.
- 5.5. At least half (50%) of the members must attend to constitute a quorum.

6. Remuneration

An Audit and Performance Committee member who is also serving on the Risk Management Committee Chairperson shall be remunerated for their services on the Risk Management Committee based on meetings attended, in line with the Audit and Performance Committee remuneration.



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Municipal employees who are members of the Committee will not be remunerated as this will be viewed as municipal official performing their official duties.

7. Administrative duties

The Performance and Risk Officer and other delegated official shall be the secretary of the Committee.

The secretary shall forward the notice of each meeting of the Committee to all members no later than seven (7) working days prior to the date of the meeting.

The notice shall confirm the venue, time, date, 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 ten working days after the meeting.

The minutes shall be approved at the next meeting, whereupon the approved minutes will be circulated to all attendees within seven working days.

8. 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.

9. Review of the charter

The Committee will annually review charter to ensure that it remains relevant with the Committee's authority, objectives, and responsibilities. All changes or amendments to the Charter will be discussed and approved by the Accounting Officer.

10. Reporting

The Risk Management Committee should:

- 10.1. Prepare a written report after each of its meetings, detailing its activities and findings, as well as any recommendations and decisions made by it. This report should be signed by the Chairperson of the committee and submitted to the Audit and Performance Committee.
- 10.2. Prepare an annual plan summary report, which sets out the activities of the Risk Management Committee for the year. The report should be signed off by the Chairperson of the Risk Management Committee and submitted to Audit and Performance Committee.



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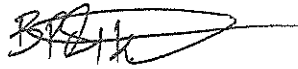
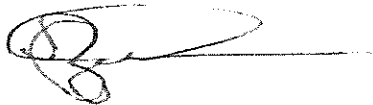
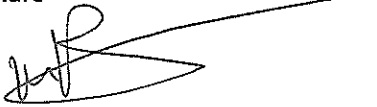
11. Approval of the charter

The Risk Management Committee Charter of the will be reviewed annually by the Internal Audit Manager to ensure that it is aligned to the Standards, the requirements of Ntabankulu Local Municipality and best practices. The Risk Management Committee Charter will be endorsed by the chairperson of the Risk management committee and approved by the Accounting Officer of Ntabankulu Local Municipality on an annual basis.

Version control

Version	Notes	Changes made by	Date
1	Drafting of the Charter	Ms B. Diko	08 June 2023
2	Incorporating inputs from Management		20 June 2023
3	Incorporating inputs from Auditor-General SA		20 June 2023
4	Incorporating inputs from Audit Committee		20 June 2023

Document approval

Prepared by:	
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Recommended by:	
Name and Surname: Mr. Z. Zulu Title: Risk Management Committee Chairperson Date: 20 June 2023	Signature 
Approved by:	
Name and Surname: Mr. M. Pinyana Title: Acting Municipal Manager Date:	Signature 
Approver comments:	