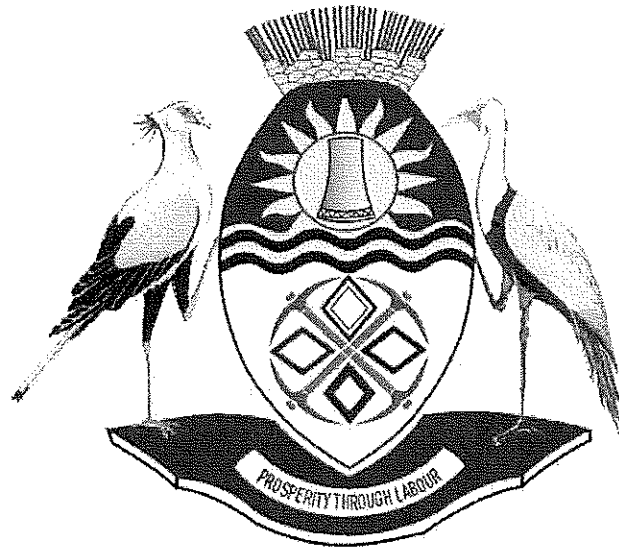


NKANGALA DISTRICT MUNICIPALITY



RISK MANAGEMENT, ANTI-FRAUD AND ANTI-CORRUPTION COMMITTEE CHARTER

2019/20

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1. Constitution

The Risk Management, Anti-Fraud and Anti-Corruption Committee has been established by the Nkangala District Municipality to assist the Accounting Officer to fulfil his/her risk management and control responsibilities in accordance with the prescribed legislation and corporate governance principles.

2. Background

2.1 The Municipal Finance Management Act section 62 requires the Accounting officer to ensure that NDM has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

2.2 The extension of the general responsibilities, in terms of section 79 of the MFMA, to all Top Management is a cornerstone in the institutionalization of risk management in the public service. It establishes responsibility for risk management at all levels of management, extending it beyond the roles of the Accounting Officer, the internal audit units or the Audit Committee in this regard.

2.3 In terms of the King IV report Principle 8 on Committees of the Governing body state that the governing body should consider allocating the oversight of risk to a dedicated committee, or adding it to the responsibilities of another committee as is appropriate for the organisation. The committee should be appointed to assist an organisation in reviewing the risk management process and significant risk facing the organisation.

The Committee is responsible for ensuring that a systematic, documented assessment for the processes and outcomes surrounding the key risks is undertaken, at least annually, for the purpose of including a statement on risk management in the NDM's annual report.

2.4 It is on the above basis that NDM, in its endeavour to reinforce its internal control system aligned with the best practise, found it imperative to establish a risk management committee which will coordinate and monitor the implementation of risk management as well as any queries that may be raised by the Council and its committees. It shall provide oversight role particularly to ensure greater accountability and provide sound quality responses.

3. Objectives

The primary objective of the committee is to assist the Accounting Officer in discharging his/her accountability for risk management by reviewing the effectiveness of the Municipality's risk management system, practises and procedures, and providing recommendations for improvement.

4. Composition

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

4.1 Membership shall comprise

- 4.1.1 An independent Chairperson of the committee
- 4.1.2 All section 57 employees

4.2 Standing invitees to the Committee shall be

- 4.2.1 Chief Risk Officer
- 4.2.2 Chief Audit Executive
- 4.2.3 Compliance Officer
- 4.2.4 Other members of senior management(Managers and Divisional Managers)
- 4.2.5 Any other person who may be co-opted to provide specialist skills, advice and counsel
- 4.2.6 National Treasury and Provincial Treasury Risk Management Support
- 4.2.7 Department of Corporative Governance and Traditional Affairs Risk Management Support.
- 4.2.8 Security Officer
- 4.2.9 Risk Champions

5. Authority

- 5.1 The Council shall appoint an independent Chairperson of the committee for a period not exceeding three years.
- 5.2 The appointed chairperson shall also chair the risk management committee of local municipality within the district of NDM on request by such local municipality and upon approval by council.
- 5.3 The committee shall obtain necessary cooperation and assistance from any employee in the NDM in relation to any information required for the execution of its function related purposes, of which failure to conform the matter shall be reported to the Municipal Manager and Council for intervention.
- 5.4 The Committee shall have the requisites authority to request any employee of council to appear before it to account for their delegated responsibilities in respect of risk management.
- 5.5 The Chairperson of the committee shall be subjected to a Colling of period of two years after serving consecutive terms (six years) this include members of the Audit and Performance Committee.

6. Roles and Responsibilities

The duties of the committee shall be to:

- 6.1 Review the risk management policy and strategy and recommend for approval by the council;
- 6.2 Review the risk appetite and tolerance and recommend for approval by council;
- 6.3 Review the municipality's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register;
- 6.4 Evaluate the effectiveness of mitigating strategies to address the material risks of the Municipality;

- 6.5 Report to the Council any material changes to the risk profile of the Municipality;
- 6.6 Review the fraud prevention policy and recommend for approval by Council;
- 6.7 Evaluate the effectiveness of the implementation of the fraud prevention policy;
- 6.8 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 weakness;
- 6.9 Develop goals, objectives and key performance indicators for the Committee for approval by Council;
- 6.10 Develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;
- 6.11 Set out the nature, role, responsibility and authority of the risk management function within the municipality for approval by the Council, and oversee the performance of the risk management function;
- 6.12 Provide proper and timely reports to the Council on the state of risk management together with aspects requiring improvement accompanied by the committee's recommendations to address such issues;
- 6.13 Interaction with the Councils Audit Committee
- 6.14 Review of the Security Policy and recommend for approval by Council.

7. Removal

If a member of the committee retires or resigns from their position within the Municipality, that member ceases to be a member of the committee. The Accounting officer may appoint a successor.

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.

9. Administrative duties

9.1 Secretariat from Corporate services 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 (72 hours) three working days prior to the date of the meeting. The notice shall confirm the venue, time, date and agenda and include the documents for discussion.

9.2 The minutes of the meeting shall be completed by the secretary and sent to all relevant officials for comments within seven working days after the meeting. The minutes shall be approved at the immediately following meeting, whereupon the approved minutes will be circulated to all attendees within three working days.

10. Quorum

50% plus one constitutes a quorum. A permanent member of the committee may nominate a proxy on his/her behalf. This provision shall lapse in the event that the permanent member fails to attend 50% or more of the Committee meetings held in that particular financial year in person.

11. Performance Evaluation

11.1 The Provincial Treasury shall evaluate performance and effectiveness of Risk Management committee meetings

11.2 The Accounting Officer shall evaluate performance of Risk Management Committee Chairperson

12. Reporting

12.1 The Chairperson of the Risk Management, Anti-Fraud and Anti-Corruption Committee shall prepare a written report after each of its meetings, detailing its activities and findings, as well as any recommendations and decisions made by it to the Municipal Manager.

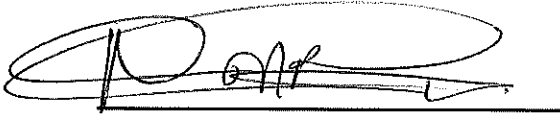
12.2 The report of the risk management committee chairperson will also be submitted to the audit committee on a quarterly basis.

13. Review of the Charter

The Committee shall review the charter annually and recommend to the Council to approve any amendments that may be required.

14. Approval

PREPARED BY:



CHIEF RISK OFFICER

29/05/2019

DATE

REVIEWED BY:

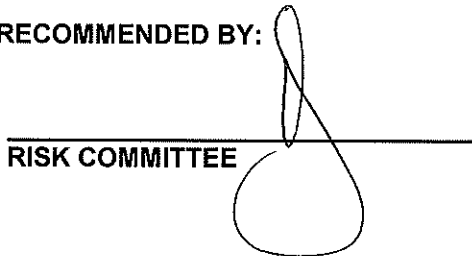


MUNICIPAL MANAGER

29/05/2019

DATE

RECOMMENDED BY:




RISK COMMITTEE

29/05/2019

DATE

APPROVED BY:



MUNICIPAL COUNCIL

29/05/2019

DATE