

ANNEXURE

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EMAKHAZENI LOCAL MUNICIPALITY



RISK MANAGEMENT, ANTI-FRAUD AND ANTI-CORRUPTION COMMITTEE CHARTER FOR 2018/2019 FINANCIAL YEAR

CONTENTS

INTRODUCTION.....3

BACKGROUND.....3

OBJECTIVE.....3

STATUS OF THE RISK MANAGEMENT COMMITTEE (RMAAC).....3

COMPOSITION.....3

AUTHORITY.....4

DUTIES AND RESPONSIBILITIES.....4

MEETINGS.....5

ADMINISTRATIVE DUTIES.....5

QUORUM.....5

PERFORMANCE EVALUATION.....5

REPORTING.....6

REVIEW OF THE CHARTER.....6

APPROVAL OF THE CHARTER.....6

1. INTRODUCTION

The Risk Management, Anti-Fraud and Anti- Corruption Committee has been established in Emakhazeni Local Municipality to assist the Accounting Officer to fulfil his/her risk management and control responsibilities in accordance with the prescribed legislation and corporate governance. The RMAAC is an internal Committee of the Emakhazeni Local Municipality to oversee the management of enterprise risks to ensure that all risks are successfully mitigated

2. BACKGROUND

In terms of Paragraph 62 of the King IV Report the governing body should consider allocating an oversight of risk governance to a dedicated committee or adding it to the responsibilities of another committee as is appropriate for the organisation.

It is on the above basis that Emakhazeni, in its endeavour to reinforce its internal control system aligned with the best practice, found it imperative to establish a Risk, Anti-Fraud and Anti- Corruption 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.

3. OBJECTIVE

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 Institution's risk management systems, practices and procedures, and providing recommendations for improvement.

4. STATUS OF THE RISK MANAGEMENT COMMITTEE (RMC)

The RMC is a high level advisory body to assist the Municipal Manager with the successful mitigation of enterprise risks.

5. COMPOSITION

Permanent members of the Committee shall be formally appointed by the Municipal Manager. The member, as a collective, must possess the blend of skills, expertise and knowledge of the Institution, including familiarity with the concepts, principles and practices risk management, so that they can contribute meaningfully to the advancement of risk management within the municipality.

Membership shall comprise out of the following:

- An Independent Chairperson of the Committee
- All Section 57 Managers
- Risk Officer

Standing invitees to the Committee shall include the following:

- Internal Auditor
- Performance Management Officer
- Deputy Manager :Compliance

- Deputy Manager: ICT
- Deputy Manager: Legal Services
- Deputy Manager Enforcement, Security and Public Safety
- Provincial risk management unit
- Nkangala district risk management unit
- Any other person who may be co-opted to provide specialist skills, advice and counsel to Committee)

6. AUTHORITY

The Accounting Officer shall appoint an Independent Chairperson of the Committee.

The Committee shall have the requisite authority to request any employee of the municipality to appear before the Committee, to account for their delegated responsibilities in respect of risk management.

7. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be the following:

- 7.1. Review the Risk Management Framework on an annual basis and submit recommendations for Approval of the Council:
- 7.2. Review the risk appetite and tolerance levels pertaining to risks and make recommendations for approval of the Council:
- 7.3. Review the institution's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register;
- 7.4. Evaluate the effectiveness of mitigating strategies to address the material risks of the institution.
- 7.5. Report to the Accounting Officer any material changes to the risk profile of the Municipality
- 7.6. Review the Fraud and Corruption Prevention Policy and make recommendations for approval by the Council;
- 7.7. Evaluate the effectiveness of the implementation of the Fraud and Corruption Prevention Policy and strategy;
- 7.8. 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 weaknesses.
- 7.9. Develop goals, objectives and key performance indicators for the Committee for approval by the council.
- 7.10. Develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;

- 7.11. Set out the nature, role, responsibility and authority of the risk management function within the institution for consideration by the Accounting Officer, and oversee the performance of the risk management function;
- 7.12. Interact with the Audit Committee to share information relating material risks of the institution;
- 7.13. Provide proper and timely reports to the Accounting Officer on the state of risk management, together with aspects requiring improvement accompanied by the Committee's recommendations to address such issues.
- 7.14. On a quarterly basis, review the risk dashboards as submitted by the Risk Owners to ' monitor progress with regards to the mitigation of risks, verify the residual risks and make recommendations to the Municipal Manager"

8. MEETINGS

The Committee shall meet at least four times per annum. The Chairperson of the Committee or a majority of the permanent members of the Committee may convene additional meetings as circumstances may dictate. A member of the committee must attend at least 75% (3 times) of all the meetings within the financial year. The Municipal Manager may request the RMAAC to convene in order to discuss and advice on any matter he/she may deem important.

9. ADMINISTRATIVE DUTIES

The Risk Management Unit must provide secretarial services to the Committee. The secretary shall forward the notice of each meeting of the Committee to all members no later than five 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.

The minutes of the meetings shall be circulated to all members within seven 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 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 proviso 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

- The Provincial Treasury will evaluate performance of the Risk Management, Anti-Fraud and Anti-Corruption Committee Meetings
- The Risk Management, Anti-Fraud and Anti-Corruption Committee will evaluate itself in terms of prescribed key performance indicators. The Chairperson will submit a written evaluation report to the Municipal Manager.

- The Municipal Manager will then evaluate the Risk Management, Anti-Fraud and Anti-Corruption Committee in terms of prescribed key performance indicators and submit a written evaluation report to the Executive Mayor.

12. REPORTING

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

The report of the Risk Management, Anti-Fraud and Anti-Corruption Committee Chairperson will also be submitted to the Audit Committee on a quarterly basis

13. REVIEW OF THE CHARTER

The Committee will annually review its 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 or Council.

14. APPROVAL OF THE CHARTER

All changes or amendments to the Charter will be discussed and approved.

PREPARED BY:

Ms. NP Malibe
Risk Officer

Date

RECOMMENDED BY:

Chairperson: Risk Committee
Mr. L.T Gafane

Date

APPROVED BY:

Mrs. EK Tshabalala
Municipal Manager

Date

Council Resolution Number:_____