MANDENI MUNICIPALITY

ENTERPRISE RISK MANAGEMENT COMMITTEE CHARTER

2023/2024

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1. DEFINITIONS

For purposes of this policy, unless the context indicates otherwise, the –

"**Accounting Officer**" means the Municipal Manager.

"Risk Management functions" means the functions governed by section 62(1)(c)(i) of the MFMA which requires the accounting officer to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal controls

"Risk Management Committee" means the committee established by the Accounting Officer which is responsible for assisting the Accounting Officer in addressing its oversight requirements of risk management and evaluating and monitoring the institution's performance with regards to risk management.

"**Risk Management Unit**" is a component within the Mandeni Local Municipal Council that is under the Office of the Municipal Manager. It is the custodian of the Risk Management Framework, the coordinator of Risk Management throughout the Institution and the Institutional advisor on all Risk Management matters.

"**Performance and Audit Committee**" means an independent advisory body established in terms of Section 166 of the Municipal Finance Management Act (MFMA) (Act No. 56 of 2003) to advise the Municipal Council, Political Office Bearers, the Accounting Officer and management staff of the municipality on matters relating to internal financial control and internal audits, risk management, and others;

"**Auditor-General**" means the public service external auditor appointed in terms of the Auditor-General Act, 1995 and Public Audit Act, Act 25 of 2004 to express an opinion on the Council's financial statements, as to whether they fairly represents the financial position, and the results and cash flows are prepared in accordance with prescribed accounting practice;

"**Council**" means the Mandeni Local Municipality Council;

"**Risk Management Unit**" is a component within the Mandeni Local Municipal Council that is established in terms of Section 165 of the MFMA;

"Internal Controls" are measures, methods, techniques, systems whether manual, electronic or otherwise, policies, procedures and processes that have been put in place by management to prevent, detect and correct a risk;

"Municipal Entity" means a company, co-operative, trust, fund or any other corporate entity established in terms of any applicable national or provincial legislation and which operates under the ownership control of one or more municipalities; and includes, in the case of a company under' such ownership control, any subsidiary of (that company; or a service utility.

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2. PURPOSE

2.1 The purpose of this charter is to:

2.1.1 provide guideline framework on the organisation, functioning and the position of the Risk Management Committee (hereafter referred to as 'the Committee') within the municipality structures;

3. ORGANISATION

3.1 Constitution of Risk Management Committee

3.1.1 It is a committee which is governed by section 62(1)(c)(i) of the MFMA which requires the accounting officer to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal controls.

3.1.2 National Treasury Regulations 3.2.1 requires the Accounting Officer to ensure that risk assessment is conducted regularly....to identify emerging risks... A risk management strategy...including fraud prevention plan, must be used to direct internal audit effort.....to improve controls and manage these risks. Risk management strategy...to be communicated to all employees....and incorporated into the language and culture of the Municipality.

3.2 Composition of Risk Management Committee

3.2.1 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 municipality, 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 municipality. Directors proxies shall be formally appointed as well to sit in in absent of their directors.

3.2.2 The permanent members of the Risk Management Committee shall be the following (who are fully appointed or officially appointed on an acting capacity by the municipal council);

- Municipal Manager
- Chief Financial Officer
- Director- Corporate Services
- Director- Technical Services
- Director- Community Services and Public Safety
- Director- Economic Development Planning and Human Settlement
- Independent Chairperson.

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3.2.2 Standing invitees to the Risk Management Committee shall be:

- Management
- Chief Audit Executive
- PMS Monitoring Evaluations Manager
- Information Communication and Technology Manager
- Risk and Compliance Officer
- Risk Champions

3.2.4 The members of the committee must appoint proxies. In extreme circumstances where the member and the proxy are unavailable to attend the meeting, the municipal manager has the authority to appoint a person from that relevant department as a proxy for that day.

4. FREQUENCY OF MEETINGS

4.1 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.

4.2 A quorum must consist of 50% plus one member. In cases where the director is not available, he/she can send a representative which has been appointed by him/her in writing to be acting on his/her behalf in the meeting. The permanent members of the Risk Management Committee may only send an acting representative to not more than one meeting in a financial year.

5. INDEPENDENT CHAIRPERSON

5.1 The Municipal Manager shall appoint an independent Chairperson of the Committee with the concurrence from Executive Committee. The Committee shall have the requisite authority to request management to appear before it to account for their delegated responsibilities in respect of risk management.

5.2 The chairperson of Risk Management Committee shall be compensated at a similar rate to the Chairperson of the Performance and Audit Committee. The current remuneration for the Chairperson of Performance and Audit Committee, as approved by Council, is R8 462.00 per meeting.

5.3 The chairperson of the Risk Management Committee should also be compensated for time spent preparing her quarterly reports and for presenting to the Performance and Audit

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Committee. The approved National Treasury rates should be used to compensate the Chairperson.

6. ADMINISTRATIVE DUTIES

6.1 A secretariat shall be provided by Corporate Services Department to the committee to consolidate and distribute the agenda. The Chairperson of the committee shall prepare the agenda in consultation with committee members and liaise with the Manager Legal, Risk and Labour Relations.

6.2 The secretariat shall co-ordinate agenda items from the members of the committee, Manager Legal, Risk and Labour Relations, PMS Manager, ICT Manager, Chief Audit Executive and the Municipal Manager. This activity shall take place at least fourteen (14) working days before the ensuing Risk Management Committee meeting.

6.3 The agenda shall be included on the committee pack and distributed to all stakeholders seven (7) days before the ensuing committee meeting. It should be noted that the municipality strives to achieve a paperless environment and as such will ensure that all agendas are only distributed via automated means.

6.4 The secretariat shall mechanically record and also document all the proceedings of the committee meetings and keep the tapes for a period of at least five years before they can be destroyed or erased, or as determined by the archive's legislation.

6.5 The Secretariat shall ensure that draft minutes are checked and verified by his or her immediate supervisors. The manager legal, risk & labour relations should receive the reviewed minutes from responsible manager within Corporate Services for his or her final review and thereafter the minutes can be circulated to all members of the committee within 14 working days of the committee meeting.

6.6 Minutes must be kept of all meetings of the committee, and all the resolutions, conclusions and opinions of the committee must be included therein. The Secretariat shall keep a register of all resolutions of the committee in a separate document which shall be devised by the Risk Management Committee.

6.7 The minutes shall be approved at the immediately following meeting, whereupon the approved minutes will be circulated to all attendees.

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7. ROLES AND RESPONSIBILITIES OF THE COMMITTEE

7.1 The duties of the Committee shall be to:

- Review the risk management policy and strategy and recommend for approval by the Municipal Manager and Council;
- Review the risk appetite of each risk at operational level and tolerance and recommend for approval by the Municipal Manager and Council;
- Review the municipality's 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 municipality;
- Report to the Municipal Manager and Performance and Audit Committee any material changes to the risk profile of the municipality;
- Review the fraud prevention policy and recommend for approval by the Municipal Manager and 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 Municipal Manager;
- Develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;
- Set out the nature, role, responsibility and authority of the risk management function within the municipality for approval by the Municipal Manager, and oversee the performance of the risk management function;
- Provide proper and timely reports to the Municipal Manager and Audit Committee on the state of risk management, together with aspects requiring improvement accompanied by the Committee's recommendations to address such issues.
- Attend all scheduled meetings,
- Present departmental reports in meetings,

8. PERFORMANCE EVALUATIONS

8.1 The Committee shall evaluate its performance in terms of its approved charter at least annually through a performance evaluation form. The aim of the self-assessment is to ensure that the Risk Management Committee achieves its objectives efficiently and effectively.

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9. PERFORMANCE ASSESSMENT

9.1 Municipal Manager must performance assessment of the committee in terms of the charter and roles and responsibilities of the Risk Management Committee.

10. CONFIDENTIALITY

10.1 All members shall maintain strict confidentially in respect of any information of a confidential nature to which he/she may be become privy at meetings of the committee and shall only disclose such information as may become necessary or required for the proper performance of his/her duties and functions.

10.2 Every member, appointed, co-opted, or full-time employee of the Mandeni Local Municipality, involved in the Risk Management Committee meetings, deliberation and resolutions, is obliged to declare any conflict of interest annually and at every Risk Management Committee meeting, and may not:

- Use his or her position to promote any special financial or other interest, including but not limited to the interest of any individual, company or other entity;
- Expose himself or herself to any situation involving the risk of a conflict between his or her official and / or professional responsibilities and a personal interest;
- Use his or her position or any information entrusted to him or her or obtained as a result of his or her involvement in the Risk Management Committee to enrich himself or herself or improperly benefit any other person or entity; and
- Act in a manner that may comprise the credibility, workings and integrity of the Risk Management Committee;
- The Risk Management Committee Chairperson should be independent of the municipality;

11. TRAINING

11.1 Risk Management Committee members should be properly trained on a regular interval to fulfil their roles and responsibilities.

12. REVIEW AND APPROVAL OF THE CHARTER

12.1 The Committee shall review its charter annually and the reviewed charter must be presented to the municipal council for approval.

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DOCUMENT APPROVAL

version	01	Signature	Date
Charter Owner	Municipal Manager		06/11/2023
Signed-off by:	Accounting Officer		06/11/2023
Signed-off by:	RMC Chairperson		
Approved by:	Council	–	26/10/2023