

# MOLEMOLE LOCAL MUNICIPALITY



Kopano ke maatla, go aga setshaba se kaone

## Molemole Municipality

### RISK MANAGEMENT COMMITTEE CHARTER 2018/19

<b>Council resolution</b>	<b>SC/5.3/30/04/18</b>
<b>Financial year</b>	<b>2018/19</b>
<b>Council approval</b>	<b>30 April 2018</b>



## MOLEMOLE LOCAL MUNICIPALITY RISK MANAGEMENT CHARTER 2018/19

Table of Contents	Page
1. Constitution.....	2
2. Objectives.....	2
3. Composition.....	2
4. Roles and Responsibility.....	3
5. Meeting.....	3
6. Remuneration.....	3
7. Administrative duties.....	4
8. Performance evaluation.....	4
9. Review of Charter.....	4
10. Reporting.....	4
11. Approval of Charter.....	4-5

## **1. Constitution**

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

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.

## **2. Objectives**

The primary objective of the Committee is to assist the Accounting Officer in discharging his/her responsibility 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 Committee that adequate action has been taken to minimise the risks facing Molemole local municipality.

## **3. Composition**

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

Membership of the Risk Management Committee shall comprise:

- a) An independent member not in the employ of the institution, who will be appointed as the Chairperson. The Chairperson will be an ex officio member of the Audit Committee.
- b) Representative of senior management.

Standing invitees to the committee shall be:

- a) Risk Officer,
- b) Manager Internal Audit
- c) Other members of senior management
- d) COGHSTA
- e) Provincial Treasury
- f) Representative from Capricorn District Municipality
- g) Any other person who may be co-opted to provide specialist skills and advice and counsel.

#### **4. Roles and responsibilities**

The duties of the Risk Management Committee shall be:

- 4.1. Establishment and monitoring of the implementation of:
  - (a) Risk Management Policy.
  - (b) Risk Management Strategy.
  - (c) Risk Management implementation plan.
  - (d) Fraud Prevention Policy.
  - (e) Whistle Blowing Policy
- 4.2. Ensuring the responsibilities and coordination of risk management are clear.
- 4.3. Advising the Accounting Officer on matters relative to risk management.
- 4.4. Overseeing the implementation and maintenance of the ongoing process of risk identification, quantification, analysis and monitoring throughout the municipality.
- 4.5. Reviewing and recommending actions for improvement regarding outstanding actions on risk management plans.
- 4.6. 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.
- 4.7. Ensure that the annual formal risk assessment is timeously performed.
- 4.8. Utilising the available resources to compile, develop and implement plans, procedures and controls within the municipality's 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 Audit 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 meeting shall be valid when there is a quorum of 50% members plus one.

#### **6. Remuneration**

An independent external Risk Management Committee Chairperson shall be remunerated for the services on the Risk Management Committee based on meetings attended. Remuneration shall be determined in line with the guidelines issued by National treasury up to a maximum amount to be determined by Council. Permanent members of the Committee who hold office in the municipality will not be remunerated as this will be viewed as municipal official performing their official duties of the municipality.

#### **7. Administrative duties**

The 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 and agenda and include the documents for discussion.

The minutes of the meetings **together with the action log/ resolution register** shall be completed by the secretary and sent to all relevant officials for comment within five 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 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 Committee.
- 10.2 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 Committee.

#### **11. Approval of the charter**

The Risk Management Committee Charter is endorsed by the Risk Management Committee Chairperson and approval by the Accounting Officer.

Molemole Local Municipality  
Risk Management Charter

RECOMMENDED BY

MW Mokwele

MW Mokwele  
Chairperson Risk Management Committee

30/04/2018

Date

APPROVAL BY

ML Mosena  
ML Mosena  
Municipal Manager

30/04/2018

Date