

Molemole Municipality

RISK MANAGEMENT CHARTER 2021/22

MOLEMOLE LOCAL MUNICIPALITY RISK MANAGEMENT CHARTER 2021/22

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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. Molemole 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 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.

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

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 shall be appointed in writing by the Accounting Officer.
- 3.2. The term of office of the Risk Management Committee Chairperson shall be at least three (3) year.
- 3.3. Members of the committee shall be Senior Managers from different sections and the manager at Branch office.
- 3.4. Standing invitees to the committee shall be the:
 - i, Risk Officer,
 - ii, Manager Internal Audit,
 - iii, COGHSTA,
 - iv, Provincial Treasury,
 - v, Capricorn District Municipality and any other person who may be co-opted to provide specialist skills and advice.

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.
 - v, Whistling Blowing 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 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

Risk Management Committee Chairperson shall be remunerated for their services on the Risk Management Committee based on meetings attended. Remuneration shall be determined in line with the guidelines issued by National treasury. 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 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

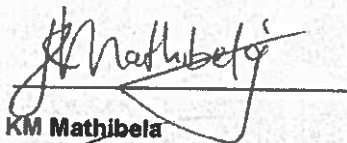
The Risk Management Committee should:

- 10.1 Prepare 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.
- 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 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.

RECOMMENDED BY

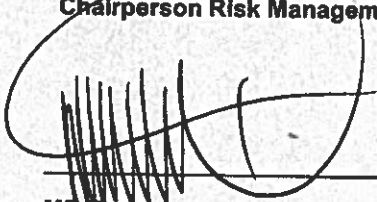


KM Mathibela
Chairperson Risk Management Committee

01/07/2021

Date

APPROVAL BY



ME Paya
Mayor

01/07/2021

Date