



on the Go for Growth

RISK MANAGEMENT COMMITTEE CHARTER
2022-2023FY

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GLOSSARY OF TERMS

Throughout this document, the words used, unless otherwise the context indicates otherwise-

TERMS	DEFINITIONS OF TERMS
Accounting officer/authority	Refers to the Municipal Manager
King IV	Means the king code of Corporate Governance for South Africa 2016
Management	All officials of the institution except for the Risk Officer and officials reporting to him/her.
Municipality	Refers to Waterberg District Municipality
Other Officials	Refers to an official other than the Accounting Officer, Management, Risk Officer and his/her staff.
Risk	Refers to an unwanted outcome, actual or potential, to the department's service delivery and other performance objectives, caused by the presence of risk factor(s). Some risk factor(s) also present upside potential, which management must be aware of and be prepared to exploit. Such opportunities are encompassed in this definition of risk.
Risk Management	A systematic and formalized process instituted by the Municipality to identify, assess, manage and monitor risks.
Risk Management Committee	Members appointed by the Accounting /authority to review the institution's system of risk management.
Risk Officer	Responsible for coordinating and supporting the overall institutional risk management process, but which does not assume the responsibilities of management for identifying, assessing and managing risks.

REFERENCES AND GUIDELINES

- COSO Enterprise Risk Management –Integrated framework 2004
- International Standards for the professional practice of Internal Auditing
- Municipal Finance Management Act no.56 of 2003
- Treasury regulations (issued in terms of MFMA)
- The king IV on Corporate Governance for South Africa 2016
- ISO 31000 Risk Management

1. BACKGROUND

- Municipal Finance Management Act section 62 (1) (c) (i) states that the Accounting Officer must ensure that municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control and that risk assessments are conducted regularly to identify emerging risks of the institution.
- The King IV Report on corporate governance prescribes that an organization should establish a management structure that adequately identifies, measures, monitors and controls the risks involved in both strategic and operational directions. Risk Management strategy also recommends the establishment of the Risk Management Committee.
- Risk Management Committee is recognized as an integral part of modern control structures and governance practices both in Private and Public Sectors. The Municipal Finance Management Act has made it clear that all Municipalities or Local Governments should have a proper risk management structure in place.
- This Charter aims at clearly reflecting and defining the key responsibilities of the Risk Management Committee delegated by the Accounting Officer, i.e. Municipal Manager. It spells out the terms of reference that deals adequately with its membership, authority, duties and responsibilities of Risk Management Committee. It guides the risk management approach as well as its operating procedures.

2. OBJECTIVES

- The objective of the Risk Management Committee is to assist the Accounting Officer in the discharge of his/her responsibilities relating to corporate accountability, investors, community and the associated risks in terms of management, assurance and reporting.
- This entails not only assistance rendering to the Accounting Officer but also a way of dealing with risk, improving

the control environment of the Municipality, minimizing unforeseen risks and managing risks.

- The role of the Risk Management Committee is crucial to the implementation of a successful risk management programmer in the Municipality. Risk Management Committee is an oversight structure that deals with overseeing the full implementation of risk management processes in the entire municipality.
- The Risk Management Committee is responsible for assisting the Accounting Officer in addressing its oversight requirements of risk management and evaluating and monitoring the Municipality's performance with regards to risk management.
- The responsibility for risk management function, specifically implementing risk management processes is that of management.

3. POWERS AND AUTHORITY

- Risk Management Committee acts in terms of the delegated authority of the Accounting Officer as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference.
- Risk Management Committee is authorized by the Accounting Officer in the fulfillment of its duties, and may call upon the Chairperson of other administrative Committees, any of the management and officers to provide it with information.
- Risk Management Committee has reasonable access to the Municipality's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- Risk Management Committee has the right to obtain independent outside professional advice and training to assist with the execution of its duties, at Municipality's cost, subject to following Supply Chain Management processes.
- Risk Management Committee makes recommendations to the Accounting Officer that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.

4. COMPOSITION AND MEMBERSHIP

4.1 The Risk Management Committee shall consist of the following members;

4.1.1 The Chairperson (Independent member)

4.1.2 Senior Managers of the Municipality:

- Corporate Support and Shared Services
- Social Development and Community Services
- Planning and Economic Development
- Infrastructure Development
- Budget and Treasury
- Executive Support

4.2 Standing invitees

- Manager: Internal Audit
- Limpopo: Provincial Treasury
- Limpopo: CoGHSTA

4.3 Risk Officer: Secretariat

4.4 The Chairperson can invite other officials who are not members if members deem it fit. The Accounting Officer of the Municipality shall appoint all members of Risk Management Committee in writing.

5. MEETINGS

- A schedule of all meetings for a financial year shall be prepared by Risk Officer in consultation with the Risk Management Committee.

5.1 The **quorum** will be constituted as follows:

- At least 50% of senior members present plus one. A permanent member of Risk Management Committee may nominate a proxy on his / her behalf. Individuals in attendance at Risk Management Committee meetings by invitation may participate in discussion but do not form part of the quorum for Committee meetings.

- The Risk Officer, or such person as appointed by Risk Management Committee, shall be the secretary of Risk Management Committee. Minutes and resolutions of the meetings should be circulated to all members seven (7) working days after the meeting by the Secretariat of the Risk Management Committee for comments.
- The notice of each meeting shall, other than under exceptional circumstances, be forwarded to each member of the Risk Management Committee not less than ten (10) working days prior to the date of the meeting by the Secretariat of Risk Management Committee. The notice shall confirm the venue, time, date and agenda and include the documents for discussion.
- The minutes shall be approved at the immediate following meeting, whereupon the approved minutes will be circulated to all attendees within seven (7) working days.
- The Risk Management Committee must hold sufficient scheduled meetings to discharge all its duties as set out in this charter but subject to a minimum of 4 meetings per financial year.
- Meetings in addition to those scheduled may, with approval of the chairperson, be held at the request of the Accounting Officer, Risk Officer or other members of the senior management or at the instance of the Council.
- The chairperson of Risk Management Committee may meet with the Accounting Officer and/or the Risk Officer prior to Risk Management Committee meeting to discuss important issues and agree on the agenda.

6. DUTIES AND RESPONSIBILITIES

6.1 The Risk Management Committee must, through oversight focus, assist the Accounting Officer in fulfilling his duty to establish and maintain a sound risk management system by reviewing the risk management maturity of the Municipality and the significant risks facing the Municipality including the review of the status of risk management activities.

6.2 In discharging its governance responsibilities relating to risk management, the Risk Management Committee shall:

- a) Review and recommend for the Approval of Council, the:
- (i) Risk Management Policy;
 - (ii) Risk Management Strategy;
 - (iii) Risk Management Implementation Plan;
 - (iv) Institution's risk appetite, ensuring that limits are:
 - supported by a rigorous analysis and expert judgment;
 - expressed in the same values as the key performance indicators to which they apply;
 - set for all material risks individually, as well as in aggregate for particular categorizations of risk; and
 - Consistent with the materiality and significance framework
 - (v) Municipality 's risk tolerance, ensuring that limits are supported by a rigorous analysis and expert judgment of:
 - the Municipality 's ability to withstand significant shocks; and
 - the Municipality's ability to recover financially and operationally from significant shocks.
 - (vi) Municipality's risk identification and assessment methodologies, after satisfying itself of their effectiveness in timeously and accurately identifying and assessing the Institution's risks.
- b) Develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity within the municipality.
- c) Evaluate the extent and effectiveness of integration of risk management within the Municipality's operations ;
- d) Assess implementation of the risk management policy and strategy;
- e) Evaluate the effectiveness of the mitigating strategies implemented to address the material risks of the Municipality.
- f) Review the material findings and recommendations by assurance providers on the system of risk management and monitor the implementation of such recommendations;

- g) Develop its own goals, objectives key performance indicators for approval by the Accounting Officer;
 - h) Interact with the Audit Committee to share information relating to material risks of the Municipality ;
 - i) Provide timely and useful reports to the Accounting Officer on the state of risk management, together with accompanying recommendations to address any deficiencies identified by Risk Management Committee.
 - j) Set out the nature, role, responsibility and authority of the risk management function within the Institution for approval by the Accounting Officer, and oversee the performance of the risk management function.
- The Risk Management Committee shall :
 - a. Ensure that risk assessments, risk reports and assurance on risks overseen by other Council committees are referred to those committees for their consideration.
 - b. Review and monitor the implementation of the Ant-Fraud and Corruption Policy, and Fraud Prevention Plan.
 - c. Review and advise the Municipality on the Risk Criteria.
 - d. Review the Business Continuity Management Strategy (including Business Continuity plans, disaster recovery plans, crisis management plans) and the implementation thereof.
 - e. Review and approve strategic and operational risk registers.

**7. SECURITY, INSURANCE, OCCUPATIONAL, HEALTH AND SAFETY (OHS),
THE RISK MANAGEMENT COMMITTEE SHALL :**

SECURITY

- Review and recommend to the Municipal Manager the security policy and strategy and the implementation plan;
- Consider security incidents reports.

- Review the integration of security management, risk management and insurance management functions.

OHS

- Review and recommend to the Municipal Manager the OHS policies and plans.
- Review the incidents and accidents reports including Section 24 incidents report and advise accordingly.

Insurance

- Review and recommend for approval to the Municipal Manager the insurance management strategy.
- Review the insurance claims data on a quarterly basis, to identify trends and advise accordingly.
- Consider repudiated claims and the grounds thereof.

Business Continuity Management and Disaster Recovery:

- The RMC should review and recommend for approval to the Accounting Officer the:
 - a) Business Continuity Policy, Strategy including Business Continuity plans, disaster recovery plans, crisis management plans and the implementation thereof.
 - b) The RMC should ensure that management regularly demonstrates that the Agency has adequate resilience arrangements in place for disaster recovery.
 - c) The RMC shall review the incidents reports and results of the tests of Business Continuity and Emergency Plans and advise accordingly.

8. REPORTING

- The Risk Management Committee reports to the Accounting Officer on its work quarterly together with aspects requiring improvement accompanied by Risk Management Committee's recommendations to address such issues.

- Risk Management Committee shall also provide reports to Council, Audit Committee, and other governance committees to assist in discharging their responsibilities.

9. REVIEW OF THE CHARTER

- The Charter should be annually reviewed to ensure that it remains relevant with Risk Management Committee's authority, objectives and responsibilities. All changes to the Charter will be discussed and approved by the Accounting Officer.

10. APPROVAL OF THE CHARTER

- The Risk Management Committee Charter is recommended for approval by the Chairperson of Risk Management Committee and approved by the Accounting Officer.

Recommended by



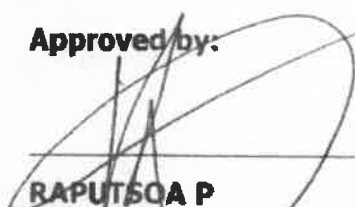
NCHABELENG M F

Chairperson Risk Management Committee:

29/09/2022

Date

Approved by:



RAPUTSOA P

Municipal Manager

29/09/2022

Date