

2022



Elundini Local Municipality

RISK MANAGEMENT COMMITTEE CHARTER

2022/2023

RISK MANAGEMENT

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RISK MANAGEMENT

1. Introduction

Elundini Local Municipality has established a Risk Management Committee (RIMCO) in terms of the Local Government: Municipal Finance Management Act 56 of 2003. The RIMCO is guided by the following Committee Charter in conjunction with Revised Local Government: Risk Management Framework 2018 from the National Treasury Department. RIMCO's aim is to assist the Accounting Officer, Management and Council to ensure that policies, internal controls and procedures are in place that will create an appropriate culture and system, which include processes for risk management planning, identification, analysis, monitoring and control in a consistent manner. ELM RIMCO is responsible for monitoring all risks to ensure that control systems are in place.

2. Objectives

2.1. 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.

3. Composition

3.1. Permanent members of the Committee shall be formally appointed by the Accounting Officer annually.

3.2. The members, as a collective, shall possess the blend of skills, expertise and knowledge of the Institution, 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 Institution.

3.3. Membership shall comprise:

- a) Risk Management Specialist from a public body (Treasury/ SALGA /COGTA/ District or Local Municipality)
- b) All Senior Management
- c) SCM Manager
- d) ICT Manager
- e) Human Resources Manager

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- PMU Manager

Standing invitees to the Committee shall be:

- All managers
- Manager: Internal Audit
- Unit Heads
- Risk Management Officer
- COVID 19 Compliance Officer
- Any other person who may be co-opted to provide specialist skills, advice and counsel.

4. Authority

- 4.1. The Accounting Officer shall appoint the Chairperson from the permanent membership of the Committee.
- 4.2. 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.
- 4.3. For the purposes of the functioning of the Committee, in the event that the members of the Committee are of a more junior rank than the management that they request to appear before them, the traditional rank hierarchy in the Institution shall not apply.
- 4.4. This implies that in the context of the functioning of the Committee the Committee members will enjoy greater powers than management although the members themselves may be of a lower status.

5. Roles and Responsibilities of the Committee

- 5.1. The duties of the Committee shall be to :
 - a. Review the risk management policy and strategy and recommend for approval by the Accounting Officer;
 - b. Review the risk appetite and tolerance and recommend for approval by the Accounting Officer;
 - c. Review the institution's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register;
 - d. Evaluate the effectiveness of mitigating strategies to address the material risks of the Institution;

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- e. Quarterly report to the Accounting Officer any material changes to the risk profile of the Institution;
- f. Review the fraud prevention policy and recommend for approval by the Accounting Officer;
- g. Evaluate the effectiveness of the implementation of the fraud prevention policy;
- h. 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;
- i. Develop goals, objectives and key performance indicators for the Committee for approval by the Accounting Officer;
- j. Develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;
- k. 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;
- l. 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.

6. The Role of the Chairperson

- 6.1. The role of the chairperson is to convene and chair Risk Management Committee meetings
- 6.2. Ensure that roles and responsibilities of Risk Management Committee are effectively implemented.

7. Meetings

- 7.1. The Committee shall meet at least four times per annum.
- 7.2. The Chairperson of the Committee or a majority of the permanent members of the Committee may convene additional meetings as circumstances may dictate.
- 7.3. The proceedings of all meeting will be documented in minutes.
- 7.4. The Committee meetings shall be held before the Audit Committee meetings to allow time for compilation of reports for submission to the Audit Committee.
- 7.5. Meeting agendas will be prepared in consultation with the Chairperson and provided in advance to members, along with appropriate briefing materials.

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- 7.6. Minutes of proceedings and resolutions of Committee meetings will be kept by the secretary and will be signed by the Chairperson.
- 7.7. Minutes, agenda and supporting papers will be made available to any member or Audit Committee Member or member of senior management upon request to the secretary, providing no conflict of interest exists.

8. Administrative duties

- 8.1. The Risk Management Officer shall be the secretary of the Committee.
- 8.2. The secretary shall forward the notice of each meeting of the Committee to all members no later than ten working days prior to the date of the meeting.
- 8.3. The notice shall confirm the venue, time, date and agenda and include the documents for discussion.
- 8.4. The minutes of the meetings shall be completed by the secretary and sent to all relevant officials for comment within seven working days after the meeting.
- 8.5. The minutes of the previous meeting shall be approved in the next Risk Management Committee meeting after confirmation by the committee as true reflection of deliberations in the previous meeting.
- 8.6. Approved minutes will be circulated to all attendees within three working days after the meeting.

9. Quorum

- 9.1. 50% plus one constitutes a quorum. A permanent member of the Committee may nominate a proxy on his / her behalf.
- 9.2. 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.

10. Performance evaluation

- 10.1. The Committee shall evaluate at least annually its performance in terms of its charter.

11. Reporting Procedure

11.1. The Accounting Officer shall report to the Audit Committee, as necessary, the activities, recommendations and decisions of the Risk Management Committee.

12. Review of the charter

13. The Committee shall review the Charter annually and recommend to the Accounting Officer for approval any amendments that may be required.

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