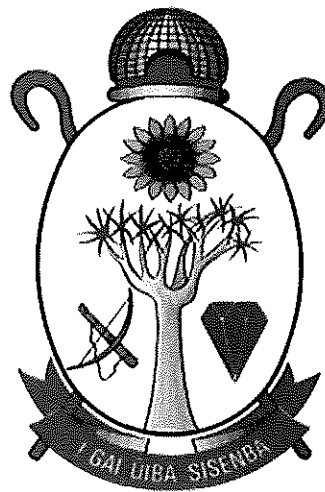


NAMA KHOI MUNICIPALITY



RISK MANAGEMENT COMMITTEE

CHARTER

2016/2017

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CHARTER

RISK MANAGEMENT COMMITTEE

1. CONSTITUTION

The Municipal Finance Management Act section 62 and Treasury Regulation 3.2.1 requires the Accounting Officer to ensure that Nama Khoi Local Municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control and that risk are assessed on regular basis.

The extension of the general responsibilities, in terms of Section 79 of the MFMA, to all Top Management is a cornerstone in the institutionalisation of risk management in the public service. It establishes responsibility for risk management at all levels of management, extending it beyond the roles of the Accounting Officer, the internal audit units or the Audit Committee in this regard.

In terms of the King III Report on Governance for South Africa, 2009 - The risk committee should assist the Council in carrying out its risk responsibilities.

It is on the above basis that Nama Khoi Municipality, in its endeavour to reinforce its internal control systems aligned with best practice, found it imperative to establish a Risk Management Committee which will coordinate audit matters and monitor the implementation of risk management as well as any queries that may be raised by the Council and its Committees. It shall provide oversight role particularly to ensure greater accountability and provide sound and quality audit responses.

Municipal Manager

The Municipal Manager is the ultimate Chief Risk Officer who must account for Enterprise Risk Management processes. The Municipal Manager as the accounting officer must ensure that the Municipality has put in place all risk management processes.

Heads of Departments

HODs are responsible for risk management activities falling within the ambit of their departments. These activities relate to:

- Implementation of the risk management strategy.
- Implementation of the risk management action plans.
- Ensuring integration of risk management in day to day activities.
- Development of internal controls to mitigate risks.
- Identifying emerging risks

Chief Risk Officer

The Chief Risk Officer provides and maintains the risk management infrastructure to assist the Accounting Officer to fulfil her/his duties in terms of the MFMA.

The Chief Risk Officer co-ordinates, facilitates and assists in the execution of the risk management process, but the accountability to the Accounting Officer for management of risks within the respective departments remains with management and employees.

The Chief Risk Officer shall develop the following documents:

Risk Management Policy
Anti Corruption Strategy and Fraud Prevention Policy.
Risk Management Strategy.
Risk Management Framework.
Risk Management Progress Reports.

Internal audit

Internal Audit will not assume the functions, systems and processes of risk management, but will assist the Accounting Officer in the monitoring of risk management in the Departments. Internal Audit in particular, will provide the Accounting Officer with assurance whether internal controls put in place by management are mitigating the risks identified.

2. COMPOSITION OF THE RISK MANAGEMENT COMMITTEE

2.1 Membership shall comprise:

Municipal Manager
Chief Financial Officer
Head: Department Internal Audit
Head: Department Corporative Service
Head: Department IDP and LED
Head: Department Community Development
Head: Department Technical Service
Head: Department Electrical Service
Head: Department Project Management and Housing
Divisional Head Performance Management
Divisional Head Risk and Disaster Manager (Chief Risk Officer)
Portfolio Committee Heads
Any other person who may be co-opted to provide specialist skills, advice and counsel

Members may be re-appointed subject to the composition and skill requirements for the Committee.

The quality, integrity and reliability of the Nama Khoi Municipality risk management process are delegated to the Risk Management Committee by the Accounting Officer.

3. AUTHORITY AND STANDARDS

The Municipal Manager is responsible for the total process of risk management, including ensuring that the Departments have effective, efficient and transparent systems of financial and risk management and internal control.

The Municipal Manager shall appoint the Chairperson from the permanent membership of the 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.

For the purpose 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 municipality shall not apply.

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.

The Committee shall obtain necessary cooperation and assistance from any employee in the Nama Khoi Municipality in relation to any information required for the execution of its function and related purposes, of which failure to conform the matter shall be reported to the Municipal Manager for intervention.

Management comments on audits. The Managers shall respond to the audit queries within 5 working days after receipt of the audit report.

Implementation of agreed management actions. The agreed management comments!

Recommendations shall be implemented according to the timeframe agreed upon on the risk register. Any actions that were not implemented within the specified timeframe, revised date should be provided.

Linking of Risk Management to performance - Responsibilities for management of risks shall be linked to performance plans of Senior Management.

4. ROLES AND RESPONSIBILITIES

4.1 Chairperson

The Accounting Officer shall appoint an independent external member to serve as chairperson, and this chairperson may be a member of the Audit Committee to chair the Risk Management Committee.

4.2 Roles of the Committee Members

All Committee members shall provide information to the Committee as and when required enabling the Committee to assist the Accounting Officer in carrying out his/her responsibilities as required by MFMA and Treasury Regulations as they relate to:

- Financial, management and other practices
- Internal controls, governance and management of risks.
- Compliance with laws, regulations and ethics.

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The Committee shall not perform any management functions or assume any management responsibilities as a committee, but will in their capacity as members of management be accountable for the risk management process within their service and promote this culture / responsibility with every employee.

4.3 The following duties and responsibilities are assigned to the risk management committee:-

4.3.1 The Risk Management Committee should review and assess the integrity of the risk control system and ensure that the risk policy and strategy are effectively managed.

4.3.2 The Risk Management Committee should monitor the management of significant risks to the Municipality, including emerging and prospective impacts.

4.3.3 To review and improve the risk policy, strategy and implementation plans. The Committee will ensure compliance with such policies, and with the overall risk profile of the Municipality. The Committee shall ensure that the following risks are adequately identified and dealt with.

Strategic Risks.
Human Resource Risks.
Political Risks.
Reputational Risks.
Financial Risks.
Operational Risks.
Legal Risks.
Compliance and control Risks.
Environmental Risks.
Health and Safety Risks.
Asset Risks

4.3.4 Review risk information and assessment methodologies.

4.3.5 Review and approve the risk response strategies for the Departments.

4.3.6 Set the risk appetite and tolerance for the Municipality and recommend for approval by the Municipal Manager.

4.3.7 Review and approve any risks disclosures in the annual financial statements.

4.3.8 To have due regard for the principles of good governance and codes of best practice.

4.3.9 Review the Anti Corruption Strategy and Fraud Prevention Policy and recommend for approval by the Municipal Manager.

4.3.10 Evaluate the effectiveness of the implementation of the Anti Corruption Strategy and Fraud Prevention Policy.

4.3.11 Reviewing the adequacy of the risk management processes including scope and depth.

- 4.3.12 Monitoring the reporting of risk management with particular emphasis on significant risks or exposures and the appropriateness of the steps management has taken to reduce the risk to an acceptable level.
- 4.3.13 Consider progress on action plans developed as part of the risk management process by each department.
- 4.3.14 Reviewing any findings and recommendations of the external auditors, internal auditors or other parties in relation to risk management.
- 4.3.15 Reviewing the impact of any changes in the Municipality on the risk management process and the response to these changes including the update of the risk profile.
- 4.3.16 Reviewing legal and regulatory matters that may have a significant impact on risk including any related compliance policies, programmes and reports received from other spheres of government.

5. MEETINGS AND PROCEEDINGS

- 5.1 The committee shall meet on quarterly basis during a financial year and special meetings may be convened by the chairperson of the Committee as circumstances may dictate.
- 5.2 Committee members shall be provided with an agenda together with the relevant documentation for discussion within 7 days in advance.

6. QUORUM

50% plus one constitutes a quorum. In the absence of the chairperson from a specific meeting, other committee members may elect the acting chairperson for that meeting.

7. PERFORMANCE EVALUATION

The committee shall Review its own key performance indicators for approval by the Accounting Officer. The Committee shall annually undertake self-assessment on its performance.

8. REPORTING

The Progress Report prepared by the Chief Risk Officer shall be submitted to the Accounting Officer. The Accounting Officer may report to Council as he deems fit to report on any issues pertaining to Enterprise Risk Management.

9. APPROVAL

The Risk Management Committee Charter shall be approved when the Committee meets on its first seating.

10. REVIEW OF THE CHARTER

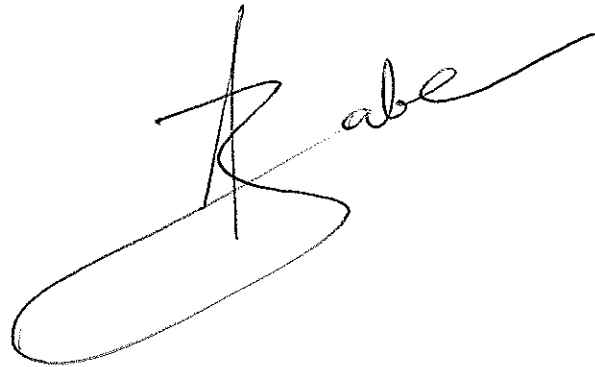
The Risk Management Committee Charter shall be reviewed annually, to ensure that it remains relevant with the Committee's authority, objectives and responsibilities, amendments of which shall be discussed, adopted by the Committee and approved by the Accounting Officer.

11. APPROVAL OF THE CHARTER

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

APPROVED AND IMPLEMENTATION OF POLICY

POLICY NUMBER:	IMPLEMENTATION DATE: 01 July 2016
COUNCIL APPROVAL:	DATE: 6 June 2016

A large, stylized handwritten signature in black ink, appearing to read 'K. Able', is written over the bottom half of the table.Handwritten initials 'A-1' in black ink, located in the bottom right corner of the page.