



**WEST RAND DISTRICT
MUNICIPALITY**

**RISK MANAGEMENT
COMMITTEE**

CHARTER

2017/2018

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1. INTRODUCTION

The Risk Management Committee (RMC) should be established by the West District Municipality to assist the Accounting Officer fulfil his or her risk management and control responsibilities in accordance with prescribed legislation(s) and corporate governance principles.

2. OBJECTIVES

The primary objective of the Charter is to set out the terms of reference for the Risk Management Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.

It will enable the Committee 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 The West Rand District Municipality gives effect to the establishment of the Risk Management Committee. The Committee shall consist of management members of the WRDM.

3.2 The members shall be appointed in writing by the Accounting Officer for a period of three years;

3.3 The Chairperson shall be appointed by the Council and such person must be an external independent risk management expert;

3.4 The following positions or persons occupying such positions will constitute the Committee members:

- The Independent Chairperson;
- Manager: Budget and Treasury Support;
- Manager: Information and Communication Technology;
- Manager: Revenue and Expenditure;
- Manager: Supply Chain Management;
- Manager: Disaster Management;
- Manager: Municipal Health Services;
- Manager: Local Economic Development;
- Manager: Legal Services;
- Manager: IDP & PMS;

- Manager: WRDA –Finance; and
- Coordinator: Enterprise Risk Management

Standing invitees to the Committee shall be:

- Manager: Internal Audit
- Representative from Provincial Treasury
- Mogale City, Merafong City and Rand West City

The committee may invite officials on account of their specialized knowledge or/ of strategic reasons when considered necessary.

4. SKILLS AND COMPETENCY

Each member of the committee must attain the following attributes:

- Accountability and integrity
- Expertise and knowledge of the institution’s mandate and operations
- Thorough knowledge of risk management principles and its applications
- Ability to act independently and objectively

5. RESPONSIBILITIES

- *Review and monitor the implementation of risk management policy, framework, risk management implementation plan/strategy and recommend for approval by the Accounting Officer as and when necessary.*
- *Review the anti-fraud and corruption prevention policy, strategy and implementation plan and recommend for approval to the Accounting Officer.*
- *Review the municipal’s risk identification and assessment methodologies to evaluate their effectiveness in timeously and accurately identifying the municipal’ risks.*
- *Oversee that the risk management policy, framework and implementation plan/strategy is widely disseminated throughout the municipality and integrated in the day –to-day activities of the municipality.*
- *Monitor and assess the implementation of the risk management policy, framework and implementation plan/strategy.*
- *Monitoring the reporting of risk by management with particular emphasis on significant risks or exposures and appropriates of the steps management has taken to reduce the risks to an acceptable level.*

- *Monitoring progress on action plans developed as part of the risk management process.*
- *Review the material findings and recommendations by assurance providers on the system of risk management and monitor the implementation of such recommendations.*
- *Develop its own key performance indicators for approval by the Accounting Officer.*
- *Interact with audit committee to share information relating to material risks of the Municipality.*
- *Provide timely and useful reports to the Accounting Officer on the state of risk management, together with recommendations to address any deficiencies identified by the committee.*
- *Reviewing legal and regulatory matters that may have a significant impact on risk including any related compliance policies, programmes and reports received from the Chief Risk Officer.*
- *Review the risk appetite and tolerance. Reviewing reports of significant incidents and major frauds (both potential and actual) including the evaluation of the effectiveness of the response in investigating any loss and preventing future occurrences.*
- *Reviewing the impact of any changes in the municipality's risk management process and response to these changes including the update of the risk profile.*

6. AUTHORITY

The committee acts in terms of delegated authority of the Accounting Officer as recorded in these terms of reference. It has power to investigate any activity within the scope of its terms of reference.

The committee has reasonable access to the municipality's records, facilities and other resources necessary to discharge its duties and responsibilities. The committee has a right to obtain independent outside professional advice to assist with the execution of its duties, at municipality's cost subject to the Account Officer's approved process.

The committee may delegate authority to one or more designated members of the Committee.

7. MEETING PROCEDURES

7.1 Secretary

Secretariat services will be provided by the department of Corporate Services.

7.1.1 Functions of Secretariat

The annual plan must ensure proper coverage of the matters laid out in these terms of reference: the more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

The agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the Committee and other invitees. This will enable the members to be fully prepared for meetings, to provide appropriate and constructive input on matters for discussion.

The minutes of the meetings shall be completed and sent to all relevant members for inputs and comments. The minutes must be formally approved by the committee at its next scheduled meeting.

7.2 Frequency

The Committee must hold scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of four meetings per year (quarterly), prior to every Audit Committee or as frequently as the Audit Committee meetings.

Ad hoc and meetings in addition to those scheduled may, with approval of the chairperson, be held at the request of the Municipal Manager, Manager: Risk Management and other members of the committee.

7.3 Attendance

The Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Chairperson or the RMC secretariat.

If the nominated chairperson of the Committee is absent from the meeting, the members present shall elect one of the members present to act as chairperson. If a

member is absent or failed to attend at least two consecutive meetings without reasonable cause or having to send a representative, the chairperson of the committee shall escalate the matter to the Accounting Officer in a writing, a report that includes status of risk management implementation after every sitting and the said report shall be tabled at the Audit Committee.

7.4 Quorum

A representative quorum for meetings is a majority of members present that is 50 percent plus one. Individuals in attendance of the committee meetings by invitation may participate in discussions but do not form part of the quorum.

A member can appoint a proxy on his/her behalf, this proviso lapse in the event that permanent member fails to attend 50 % or more of the committee meetings held in a particular financial year.

Every member in the meeting shall sign the attendance register, which shall be kept by the secretary of the committee for record purposes.

8. EVALUATION

The committee will conduct a self-assessment evaluation on an annual basis, the results of the evaluation will be made available to the members endorsed by the Accounting Officer.

9. REVIEW OF THE CHARTER

The committee will annually review its charter to ensure that it remains with the committee's authority, objectives and responsibilities. All changes or amendments to the charter will be discussed and approved by the Accounting Officer.

Signature for approval

RISK MANAGEMENT CHAIRPERSON

DATE